



SECTION TWO

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The rocks that move
in the dark

MEDIA JOBS
Pages of sales and
marketing appointments

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TO COLORADO**
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to be won, see page 14

Prison crisis as jails run out of space

Leaked memo calls for action

JASON BENNETTO
Crime Correspondent

Emergency measures are being drawn up to house new criminals because the nation's jails are at bursting point, the Prison Service has admitted in a confidential letter.

Jails in England and Wales are expected to be full by the end of the month, after reaching a record 52,444 population last Friday.

The Prison Service has called an urgent meeting in the next fortnight with the Prison Officers' Association to discuss the crisis. The problem has been exacerbated by the refusal of some police forces to use their cells for the overflow. The Prison Service also says in its correspondence that it cannot afford the £300-a-night cost to house a criminal with the police. Instead, the service proposes to move inmates into local prisons, which usually are used for people on remand.

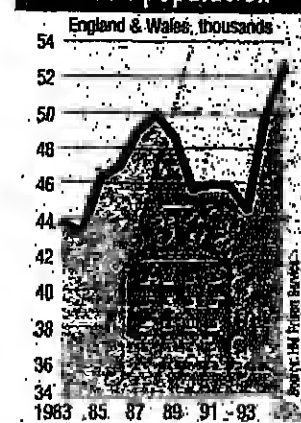
It has already been disclosed that some prisoners near to the end of their sentences are being moved to open prisons, where security is far more lax, to alleviate the overcrowding. David Evans, the POA general secretary, said last night that riots could break out soon, as the overcrowding is bound to get worse. Any prison disturbances in the run up to the general election could be extremely harmful to the Conservative Party, whose law-and-order policy could be damaged.

In a letter to Mr Evans at the POA, Alan Walker, the Prison Service's Director of Operations South, who is one of a board of 10 responsible for the day-to-

day running of jails, says new analysis "indicates that there may be insufficient usable accommodation available during late November and early December, and between February and June 1996".

He said this was due to the unexpected surge in the prison population, now predicted to reach 52,700 by the end of the month and 53,700 by March.

Prison population



Mr Walker adds that in the past, police cells have been used to take an overflow of inmates, "but the service can no longer afford to pay the £300-per-prisoner night average cost of using police cells as these costs fall directly to the Service."

"Additionally, the police in certain parts of the country have indicated that cells will be unavailable due to their own operational difficulties." In fact, police charge up to £1,746 a night to house a prisoner, the costliest cells being in Sheffield.

Mr Walker says training prisons and new local prisons will have to take the brunt of the in-

crease. He adds that as new cells are built the problem will be solved "by the middle of the year unless we suffer unplanned major accommodation losses".

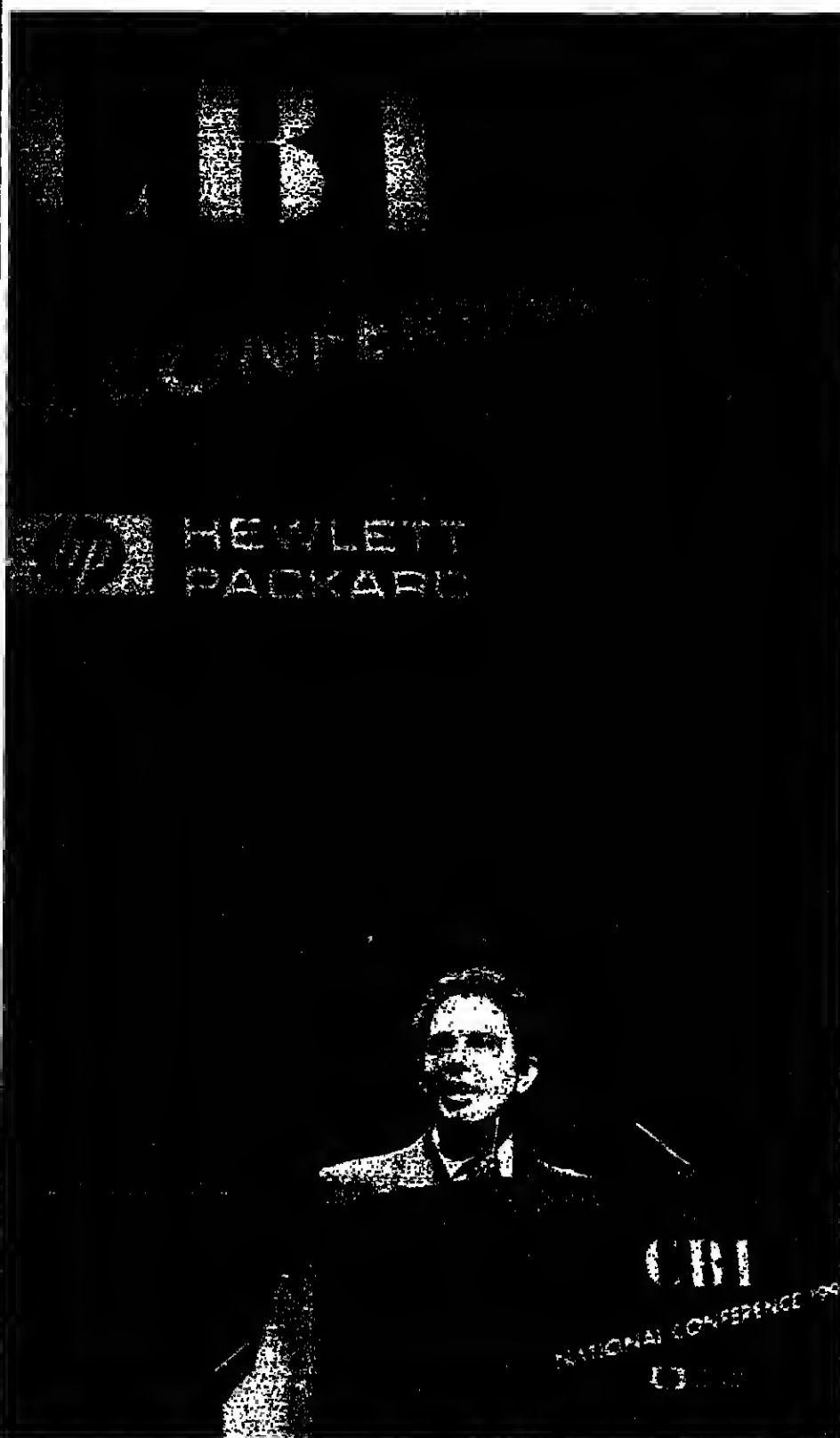
David Evans said yesterday: "This is a high risk strategy that could lead to violent disturbances, including riots. It's quite possible that Mr Howard [the Home Secretary] may not be able to reach the next general election without a major disturbance breaking out." He said the rise in the population comes at a time when prisons face an 8 per cent cut in their next year's budget.

The number of inmates is expected to increase greatly following Michael Howard's latest law-and-order package, announced last month. Up to 20,000 more people could end up in prison under proposals to give life sentences for second-time violent and sexual offenders and minimum sentences for third-time burglars and drug dealers. A Bill would also bring drastic cuts in sentence remission.

His announcement at the Conservative Party conference was attacked by prison and probation workers who said it will make a tough situation unworkable. Lord Taylor, the Lord Chief Justice, criticised the move as interfering with the power of the judiciary.

Mr Howard is visiting "supermax" prisons which house the most serious offenders in the United States. He intends to copy the scheme and set up an "Alcatraz" style jail in Britain. Mr Howard believes locking up more people for longer will act as a deterrent and ultimately reduce the level of crime.

Blair is industrialists' darling



Doing the business: Tony Blair succeeded in putting the 'New Labour' message across to the Confederation of British Industry yesterday. His speech to the Birmingham conference earned a 55-second ovation, while Michael Heseltine, the Deputy Prime Minister was rewarded with just 43 seconds' applause. Report, page 20 Photograph: Newsteam

West 'admits killing 20 more victims'

WILL BENNETT

Frederick West claimed that he and his wife, Rosemary, had killed 20 more victims than those found at 25 Cromwell Street, bringing the total to more than 30. Winchester Crown Court was told yesterday.

The couple had been involved in the killings with several other men and some of the bodies had been buried at a farm, Mr West told Janet Leach, an observer who was appointed to sit in on his police interviews.

Mrs Leach, 39, was resuming her evidence at the murder trial of Mrs West, six days after collapsing at the court and being taken to a Winchester hospital, where she had been receiving treatment ever since.

Mrs Leach claimed West told her that he and others were involved in killings, other than those at his Cromwell Street home, and the bodies were buried at an unnamed farm.

Looking pale and drawn, Mrs Leach, 39, who suffered a stroke last year, was pushed into the witness box in a wheelchair and was accompanied by Dr Christopher Gordon from the hospital throughout her evidence.

The trial of Mrs West, 41, who denies murdering 10 girls and young women whose remains were found at the Wests' house, 25 Cromwell Street, Gloucester, and at their previous home in the city, entered its seventh week yesterday.

Last week Mrs Leach told the court that she was appointed an "appropriate adult" to sit in as an impartial observer at police interviews with Mr West after his arrest last year.

She said that she established a rapport with Mr West and that while detectives were not present he told her that he had made a pact with his wife by which he would take sole responsibility for the killings if they were caught.

Mrs Leach wept and paused

frequently to take sips of water yesterday as she continued her account of her conversations with him.

Mr West, who was charged with 12 murders, was found dead in his prison cell last New Year's Day.

Asked by Brian Leveson QC, prosecuting, how many more bodies Mr West was talking about, Mrs Leach replied: "Another 20."

He did not tell her precisely where they were buried and said that Mrs West, another person and some coloured men had been involved in the killings.

Mrs Leach said that one of the victims was missing cafe waitress Mary Bastholm, 15, who vanished in January 1968.



An artist's impression of Janet Leach in court

She learned that Mary was dead and buried at an undisclosed farm. West, she said, told her that he picked Mary up at a bus stop. The jury has already heard that some of the alleged Cromwell Street victims were picked up at bus stops.

Mrs Leach admitted lying in her evidence last week, that she had not spoken to the press.

And she agreed that she had been paid a £7,500 option for a book deal which could eventually be worth £100,000.

Report, page 7

EU auditors fail to find £2bn missing cash

KATHERINE BUTLER
Brussels

The European Union's spending watchdog will today refuse to certify the Community's 1994 accounts because more than £2bn - 4 per cent of the budget - cannot be properly accounted for. In total, more than £11bn, or a fifth of the £56bn spent by the EU in 1994, is open to question, the Court of Auditors will say.

In a report to be unveiled to the European Parliament in Strasbourg today the court disclosed that "serious and substantial errors" have been found in transactions underlying 4 per cent of last year's spending. It cannot vouch for a further 14 per cent because auditing and accounting procedures were so frequently ignored or flouted. The revelations will be seized

on by Eurosceptics but most of the blame for lax financial management and inadequate control over taxpayers' money is placed at the door of national governments, not Brussels. "The errors and systems' weaknesses detected... originate most often in bodies in the member-states responsible for the administration of community expenditure programmes," it says.

The European Commission has traditionally claimed that no more than 1 per cent of the annual budget is lost to fraud. While the Luxembourg-based auditors stop short of suggesting they have uncovered fraud totalling 4 per cent of spending, they warn that a mix of fraud, waste, mismanagement and poor financial house-keeping is affecting a large part of the budget. Accounting errors do not in every case represent a loss to

the taxpayer, the auditors stress, but they are evidence of inadequate financial administration in virtually every area of EU spending.

They call for urgent introduction of tighter controls and condemn the failure of both member-states and the Commission to heed past warnings. The court is complying for the first time with a Maastricht Treaty requirement to provide Parliament and the Council of Ministers with a statement of assurance on the legality of the annual accounts.

The court expresses particular concern at the absence of proper controls over payments to farmers and food traders at national level.

A litany of mismanagement and ineffective or non-existent controls is reported in the fruit-and-vegetable regime, where

the court complains about Greek, Spanish and Italian farmers being systematically overpaid for destruction of unwanted produce. But once again the finger is pointed at national authorities, who in many cases leave control "in the hands of the most interested parties - the claimants".

Poor control over pay-outs under regional development schemes also draws heavy criticism. Of the 270 projects to foster co-operation between the Republic and Northern Ireland under the Interreg programme, only 39 were found to have any cross-border content.

In Eastern Europe, meanwhile, where multi-billion-pound schemes are being run to regenerate the economies of the former Soviet-bloc states, there is severe criticism of EU spending on apparently futile studies

Five Americans die in Saudi blast

MICHAEL SHERIDAN
Diplomatic Editor

British companies and military personnel in Saudi Arabia were last night warned to increase their vigilance after a car-bomb attack on an American security installation in Riyadh killed six people and injured more than 60.

President Bill Clinton pledged to mount "an enormous effort" to find the perpetrators and an FBI team was sent to the kingdom to assist Saudi intelligence in the hunt. It was the first terrorist attack since 1991 in Saudi Arabia, the world's leading oil exporter and a key ally of the West.

Five Americans, two of them military trainers, were among those killed when a van packed with explosives blew up yesterday morning outside a US-operated training facility for the Saudi National Guard.

Western embassies tightened

security and high-profile British companies were told to "upgrade their vigilance". Some 30,000 Britons live in the country. British Aerospace is a lead contractor in the £20bn oil-for-arms Al-Yamamah deal with the Saudi government.

Several opposition groups have threatened Western interests in Saudi Arabia. Earlier this year the Islamic Change Movement demanded that Western forces should leave the region or face attack.

But there has been no trouble since 1991, when a minibus carrying American military personnel was raked by gunfire.

The Saudi ambassador to London, Dr Ghazi Algosabi, said yesterday that the bombing was "an isolated incident" which did not reflect on the country's stability. "All speculation about the perpetrators remains just that, speculation," Dr Algosabi said.

Bomb's two targets, page 12

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IN BRIEF

Gazza probe
Strathclyde police are to investigate incidents during Rangers' match against Aberdeen last Saturday. Television evidence appeared to show Paul Gascoigne head-butting one opponent and making contact with his elbow with another. Page 28

Leah's prospects 'bleak'
Doctors were in discussion with the parents of an 18-year-old girl in a coma after taking ecstasy over whether to switch off her life support machine. The prospects of Leah Betts surviving were said to be "very, very bleak" following her collapse after taking the tablet. Page 5

Clinton's budget battle
President Clinton raised the stakes still further in the budget war with Congress by vowing a veto on a bill that would virtually ensure a partial government shutdown today. He declared war on the Republican plan to balance the budget in seven years. Page 13

Commonwealth summit
The roller-coaster Commonwealth summit in Auckland ended yesterday, with claims by Commonwealth leaders that the decisions taken would prove to be "historic". Page 11

Robert Stephens dies
Sir Robert Stephens, one of the most talented and outrageous actors of his generation, has died aged 64. His death comes days after the publication of a revelatory autobiography. Page 9



CORNER

COMMENT

Andrew Marr: New Labour, new moralism. Page 17
Ken Saro-Wiwa: His last interview. Page 17
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Leading article: "By occupying the middle ground the CBI is in a position to influence events in a way it has not experienced since the days of beer, sandwiches and corporatism in the Seventies." Page 16

Weather: South-west England and South Wales will have rainy periods. Elsewhere it will be mainly dry, but with early mist and fog and only limited bright spells. Section Two, page 21

Bruton to urge talks on N Ireland

COLIN BROWN
Chief Political Correspondent

The Irish Prime Minister will today seek to reach agreement with John Major to end the impasse over the stalled Northern Ireland peace process.

John Bruton is expected to use contacts between officials in Dublin and London to speak to the Prime Minister by telephone to "move the peace process forward."

Mr Bruton will urge Mr

Major to agree to announce a target date for the start of all-party round-table talks within six weeks of the start of work by an international commission on decommissioning weapons.

Although the timetable by the Taoiseach will be regarded by London as unrealistic, both sides insisted the gap between the two governments was narrower than appeared from the weekend war of words between the two leaders over the timing of the next step.

It was learned last night that Mr Major wrote to Mr Bruton at the weekend in a preliminary response to the Irish pressure for movement over the twin-track approach to the settlement. Mr Major has emphatically denied that it is Britain, which is responsible for the impasse.

Sir Patrick Mayhew, the Secretary of State for Northern Ireland, said yesterday there was no rift between the two governments. Sir Patrick, speaking

in Lame, Co Antrim, said the obstacle to progress in the talks process was the paramilitaries' refusal to make even a start to the decommissioning of weapons.

The Northern Ireland Secretary would like to see the ground laid for all-party talks by next February. Mr Bruton said the Irish government was ready to move now on the next steps towards all-party talks, but Dublin sources denied this was a call for the talks to begin now.

The Irish Foreign Minister, Dick Spring, has been pushing for a settlement to be reached through negotiation round the table. The twin-track approach by the two governments originally envisaged a fresh round of bilateral or trilateral talks between the governments and the individual parties. Including Sinn Féin, while the international commission on decommissioning weapons began its work.

London wants the commis-

sion to report back on progress before bringing Sinn Féin into all-party talks. Dublin now appears to believe the inter-party negotiations by Michael Antrim, the Northern Ireland minister, have failed to move the process forward, and instead wants to short-cut the twin-track process by moving to all-party talks after the commission has got under way.

The difficulty remains the refusal of the IRA to begin decommissioning its weapons.

Dublin sources said Mr Bruton was keen to put pressure on Sinn Féin to make a compromise, by the two governments adopting a united approach. However, he has made clear he is seeking a compromise from the British government.

The Prime Minister accused the Irish government of bowing to Sinn Féin pressure when it pulled out of a planned summit between Mr Major and Mr Bruton to announce the twin-track plan.

IN BRIEF

Two charged with bus arson attack

Two men were charged yesterday with arson offences in connection with the firebombing of a bus used as a home by road protesters in Newbury, Berkshire at the weekend. They have been bailed and are due to appear before Newbury magistrates on 12 December.

The incendiary attack took place on Sunday morning as Jeremy Middleton, 34, his pregnant girlfriend, Amanda Rothwell, 25, and their six-year-old son slept in their bus in a layby at Reddings Copse, a small woodland on the route of the planned A34 bypass. Threats had previously been made against road protesters living in tree houses at the camp established there last month.

Voluntary ID cards

The Home Secretary, Michael Howard, is to meet Tara Mukherjee, president of the European Migrants Forum, which is seeking equal rights for residents from outside the European Union - later this month to discuss the group's support for the introduction of a voluntary identity card system. Mr Mukherjee said his group strongly opposed compulsory ID cards, but voluntary cards had proved helpful to thousands of migrants from Algeria, who were challenged about their identity by French police in the crackdown against Algerian terrorism.

Boy, 8, dies in fall

An eight-year-old boy died when he fell from a second-floor window at his home. John Thorne is thought to have been playing when he fell from the bedroom window in Beaumont Leys, Leicester. Leicester Housing Association, which owns the property, is to investigate the accident.

Baby charge case adjourned

The case of a British woman charged with murdering her new-born baby was further adjourned by a New York court. Caroline Beale, 30, from Leytonstone, east London, had bail extended until 7 December. Miss Beale was arrested in September last year at Kennedy airport carrying the dead baby girl, apparently trying to smuggle the child's body on to a London-bound flight.

Guarded secret

Copies of *Free As A Bird*, the first new Beatles single for 25 years - to be released on 4 December - are currently under armed guard abroad, it was announced by Parlophone Records.

Guinness boob

There were red faces at the headquarters of drinks giant Guinness after they discovered a red-haired model they used in an advertisement to promote a new beer was just 16. The company apologised and insisted that if it had realised the model was under-age she would not have been used. Lisa Berry from Carrickfergus, Co Antrim, was supplied by a Belfast model agency for the advert promoting Guinness's new product Kilkenny Red in a trade magazine.

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MPs' earnings: Parliamentary lawyers to cash in on registration of contracts

Nolan vote spells boom for solicitors

COLIN BROWN

The vote by MPs to declare their earnings could turn into a bonanza for the normally stuffy world of parliamentary solicitors.

One firm was already on the look out for extra business yesterday from MPs who have to lodge consultancy contracts with the new parliamentary commissioner, Sir Gordon Downey.

Dozens of MPs yesterday received letters from a firm of parliamentary solicitors offering their advice in meeting the new rules for declaring private earnings.

Dyson Bell Martin, who have their offices in the shadow of Big Ben at Westminster, wrote to all MPs who have already declared a post as a parliamentary adviser in the register of members' interests.

"By reason of the nature of our practice and having followed the proceedings of the Nolan Committee closely, we believe that we are well placed to advise members on the appropriate form of agreements and are happy to accept instructions for that purpose," the letter said.

Jonathan Bracken, the firm's head of government relations, said it was the first time a letter had been sent. "What we are saying is if you have consultancy arrangements, they now need a written contract which has to be lodged."

Until Sir Gordon has issued guidance, there is likely to be a large grey area surrounding the definition of the sums which have to be declared. But Mr Bracken said his firm was definitely not in the business of offering help on how to dodge the rules.

"We are not offering advice on how you get round the rules. The suggestion of some of the press that you might split contracts into two parts, and get paid £20,000 as a management consultant and £2,000 as an MP - we are not in that business at all," Mr Bracken said.

Last week's humiliating defeat for John Major in the earnings vote led to renewed rumblings about his leadership from Tory MPs angry that he had allowed the Nolan inquiry to get out of hand. The issue will still be rumbling when MPs reconvene tomorrow for the new parliamentary session.

Tory MP tells why he switched to Labour

JOHN RENTOUL
Political Correspondent

A Conservative MP has told a constituent he voted in favour of disclosing MPs' earnings last week after he and four other Tories initially voted against disclosure and then switched to back a Labour amendment.

Harry Greenway, Tory MP for Ealing North, has told a constituent: "I voted to make public parliamentary earnings outside the parliamentary salary by MPs. I agree with you that the public have a right to know these things."

But in the first key vote, he voted against disclosure of "fees and benefits" to the commissioner for standards. Only after John Major was defeated, by the

surprisingly large margin of 51, did Mr Greenway and four other Tory MPs change sides to support Labour in a second, technical vote.

The other Tory MPs who changed sides were: Nirj Deva, MP for Brentford and Isleworth; David Harris, who retires from his St Ives, Cornwall seat at the next election; Robert Key, MP for Salisbury; and Nigel Evans, MP for Ribbles Valley.

Mr Evans said last night that he had opposed disclosure but saw no point in voting against it once the first vote was lost.

Mr Greenway told the *Ealing Gazette* his first vote was a "technical hitch". He had not realised the two Labour amendments were linked. "These things are very complicated."

Ian Hargreaves resigns as 'Independent' editor

Ian Hargreaves resigned as editor of the *Independent* yesterday.

Mr Hargreaves has been editor of the *Independent* since August 1994 and during his tenure circulation has improved to a peak of 300,000 recorded in June of this year.

Mr Liam Healy, chairman of

Newspaper Publishing, said: "We are all grateful to Ian for his stewardship of the title and wish him well for the future. The *Independent* is in good shape and we will begin immediately to seek a replacement editor to take the newspaper to the next exciting stage in its development."



Salina Woodruff, of the auctioneers Colnaghi, with a rare portrait of Sir Winston Churchill in the 'siren' suit he wore at War Cabinet meetings. The picture, by Frank Salisbury, is to be sold by Tennants Auctioneers in Leyburn, North Yorkshire, later this month. Photograph: David Sandison

Second complaint over BA checks

PETER VICTOR

Another black British family has complained after being targeted by British Airways' "ethnic passport" photocopying staff.

BA's managing director, Bob Ayling, last Friday gave an unreserved apology to a British-born black probation officer after the *Independent* revealed that his passport had been secretly photocopyed.

The airline said covertly photocopying Tony Kelly's passport had been "a mistake". Telling him "this was done under US Federal Aviation rules, which required copies to be made of all 'ethnic passports' had been another mistake, it added.

Further letters obtained by

the *Independent*, however, show that BA targeted other black British nationals for covert passport photocopying. They also confirm that the information gathered was kept for two months after the journey is complete.

Black Briton Michelle Cadogan's passport was quietly taken away and copied without any explanation as she checked in for a BA flight to New York last December. It was only when her parents demanded to know where their 17-year-old daughter's passport had gone that they were told.

Michelle's father, Dr Michael Cadogan, wrote to BA demanding an explanation for the incident and asking how

long his daughter's details would be retained. After three months, he received a letter from Denise Lawson, of BA's customer relations department, stating: "The US Immigration Authorities operate very strict admission procedures and require all airline (sic) to perform thorough document checks prior to embarkation from the UK."

The photocopying of passports and other travel documents forms part of these checks... British Airways Birmingham have advised me that all copies are held on file for two months from the departure date and then destroyed.

Dr Cadogan, 47, a frequent BA business passenger and a regular traveller with his fami-

ly, then wrote to Sir Colin Marshall, asking why his daughter had been targeted.

In his reply, the BA Chairman stated that he had seen the letter from the customer relations department: "Ms Lawson answered in detail the five points you raised about the photocopying of passports belonging to passengers checking in at Birmingham to travel to New York. There is nothing I can add to what has been said already."

Last July, as Michelle Cadogan was leaving Britain to travel again to New York for a holiday, BA staff again tried to take away her passport. This time, her mother put her foot down.

Donna Cadogan, 44, a teacher, told staff they could examine the passport in front of her or not at all. Last night she said the ramifications of the issue were far-reaching: "Sir Colin Marshall did not respond to the points in my husband's letter. They were prepared to defend it right up to the top. They have apologised to Tony Kelly. I would like to hear what they have to say to us."

BA said Sir Colin's letter to the Cadogans had been based on the same inaccurate information as in the Kelly case: "We have acted to correct that now." A spokesman said that since the *Independent* revelations, procedures had been revised.

Leading article, page 16

Minister aims to put a price on tranquillity

CHRISTIAN WOLMAR
Transport Correspondent

What is the value of fresh air or the price of peace and quiet? For the first time, research is being undertaken to try to assess the value of the elusive concept of quality of life.

Until now, no attempt has been made to assess the value of the environmental impact of transport but yesterday the Secretary of State for Transport, Sir George Young, launched research to try for the first time to put a precise price on environmental damage as it affects people near road schemes. The

study will try to calculate, for example, what an extra decibel of noise or a measurable increase in air pollution is worth. Previously, the department has shied away from such work knowing that it would be a major weapon for opponents of road schemes at public inquiries.

In a review of existing work in this field, the department found that some values had already been suggested for certain aspects of pollution.

For example, researchers suggested that an extra decibel of noise in a year should be costed at between £5.50 and £10 per year. This is worked out from

calculations of house prices on noisy streets compared with those on quiet streets nearby, which have suggested that there might be a 0.74 per cent fall in price per decibel increase in noise. Estate agents already use a rule-of-thumb system in subtracting a percentage of their price estimate for homes on busy roads.

The use of such information could have a substantial impact on road schemes, and might make the difference between schemes proceeding or being scrapped.

Another survey suggests that a reduction in particulates, the

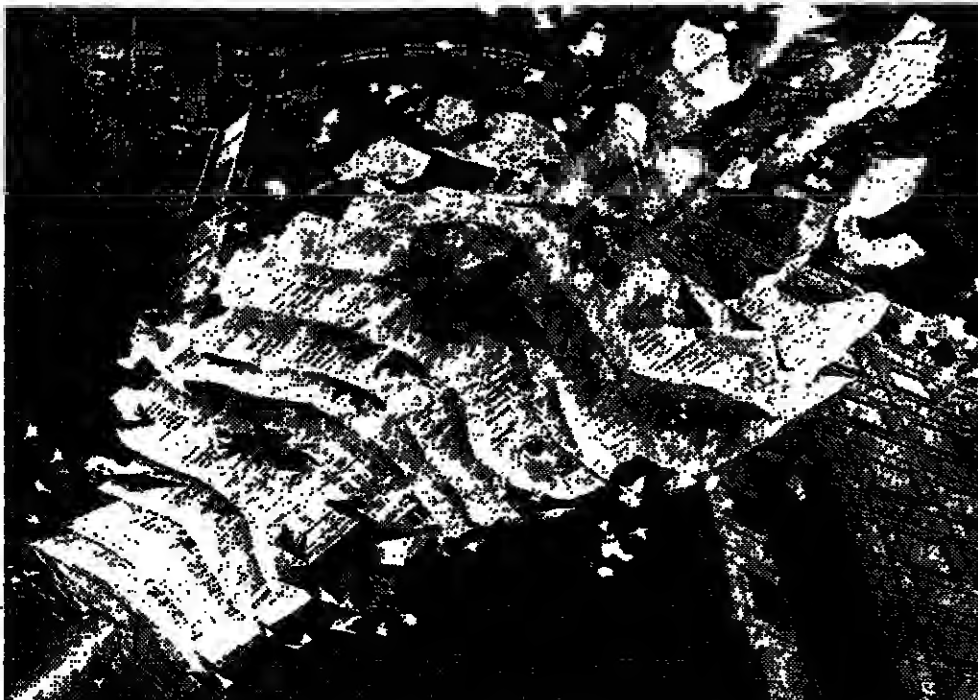
tiny specks of dust emitted by engines, especially diesel, by one microgram per cubic metre should be costed at between £5.75 and £17.25 per year. Annual average levels in the United Kingdom are of 20-30 micrograms per cubic metre in large urban areas.

Other factors which it might be possible to assess range from global warming and use of land for roadbuilding to potential risks of oil spillage, aesthetic damage to landscape and even the killing of wild animals.

Sir George endorsed the approach of the work but said he could not, as yet, agree with the

precise amounts ascribed to particular aspects of damage. Little assessment of the environmental damage of road schemes is currently taken account of in the cost-benefit analysis, which environmentalists have argued skews the equation in favour of building schemes.

Stephen Joseph, of Transport 2000, the group supporting public transport, said the timing of the research was interesting: "The Government is just about to make massive cuts in the roads programme and these sort of calculations will make roadbuilding look even less attractive from an economic point of view."



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Water crisis: Public inquiry to go ahead today with embattled Yorkshire company applying for an emergency drought order

Rain dampens the threat of cuts to homes

NICHOLAS SCHOON
Environment Correspondent

Rain over the weekend has averted the threat of water cuts for 600,000 people in West Yorkshire for the time being. Yorkshire Water said yesterday. But a public inquiry will go ahead today at which the embattled company will ask for an emergency drought order, giving it powers to cut off households in Halifax and Huddersfield for 24 hours in every 48.

Yorkshire Water's woes were added to yesterday when it was revealed that it was one of three of the big 10 water companies being investigated by the industry regulator.

Ian Byatt, director-general of the Office of Water Services (Ofwat), has questioned Yorkshire, South West and North West about alleged failures to meet agreed standards.

Two-thirds of Yorkshire's 4.5 million customers are now covered by hosepipe bans - largely ineffectual now that garden watering has stopped. About 1.5 million, one-third, are living under more severe restrictions granted by earlier drought orders from the Government.

These restrict essential uses of water such as car washing. But the gravest threat is to the residents of the Kirkstall and Calderdale districts of West Yorkshire, covering Huddersfield and Halifax respectively. The area is heavily dependent on upland reservoirs with limited storage capacity. In March, these were full, but an extremely dry summer has been followed by an exceptionally dry autumn.

The company is hoping that, following the public inquiry, it will get permission to cut them off zones in these areas 24 hours at a time. It had been expected to start the cuts next week if the emergency drought order is granted. Hospitals would be exempt, while nursing homes would be served by bowers during the cut-offs.

Yorkshire Water said yesterday that following some rain at the weekend the rota cuts will not be needed until 1 December at the earliest. Continuous heavy rain is needed to start filling the reservoirs serving the two areas, which are only 11 per cent full. Yorkshire Water has stockpiled half a million two-litre bottles of spring water

from nearby Buxton, intended for the elderly, infirm and other groups who would be hardest hit by the cuts.

But once the cuts begin, it will need much more bottled water; it intends to supply up to 1 million litres a week. The bottled water is not suitable for making up baby's milk from formula; that should be boiled beforehand.

Leaflets are being distributed warning people that it will be essential to boil all water used for drinking and food preparation if the cuts begin because tap water purity could no longer be guaranteed. Public health officials have said there is a threat of widespread dysentery and food poisoning unless people follow the hygiene guidelines.

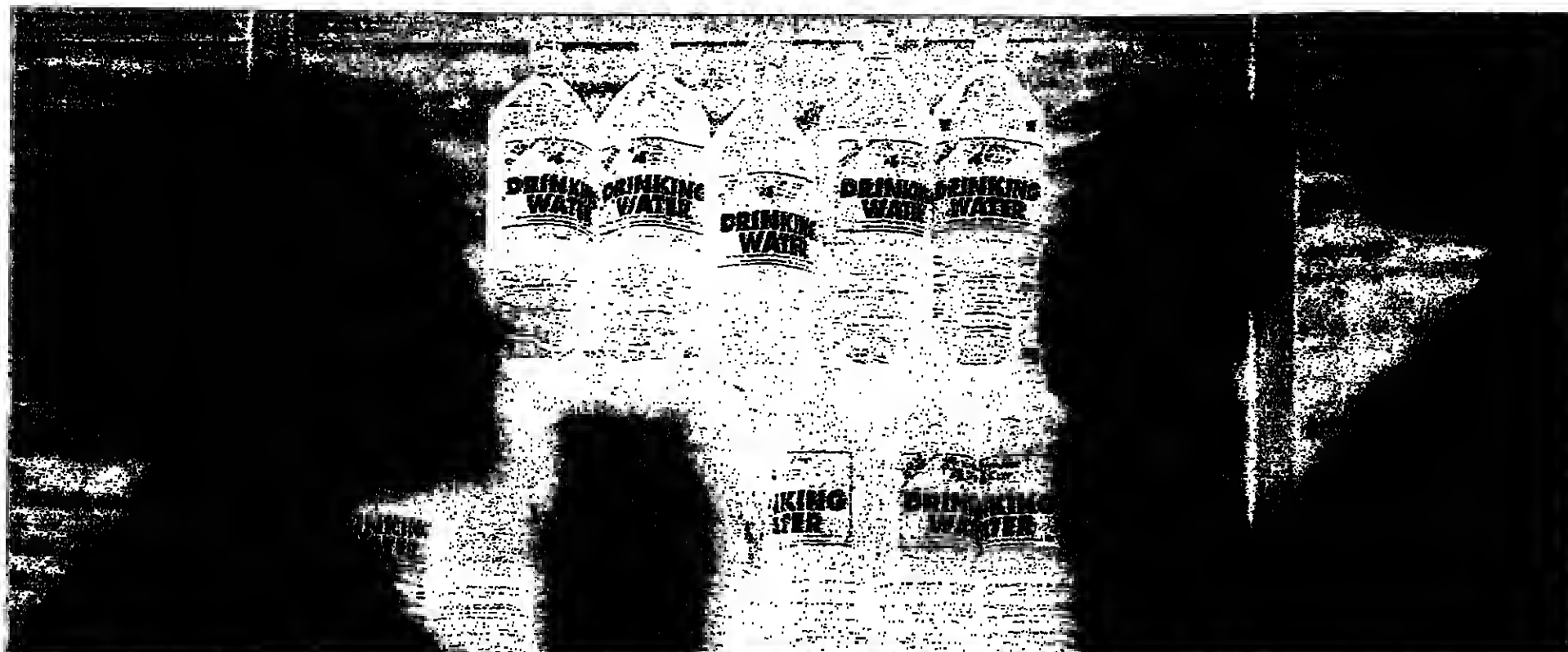
A fleet of 200 road tankers is bringing water - 25,000 tons a day - from east Yorkshire, which has no drought, to Halifax and Huddersfield. Temporary pumping stations and pipelines have been installed, and in some places the usual flow along large mains has been reversed.

Yorkshire has a grid system to distribute water round the region, but it is not designed to move water from the higher and usually much wetter west to the dry east. The company is also planning another tankering operation bringing water from Northumbria to Leeds, whose reservoirs are also at low level.

The rota cuts would be unprecedented in England, Wales or Scotland, although a few thousand people around Cookstown in Northern Ireland had overnight water cuts from early August to early October due to the drought.

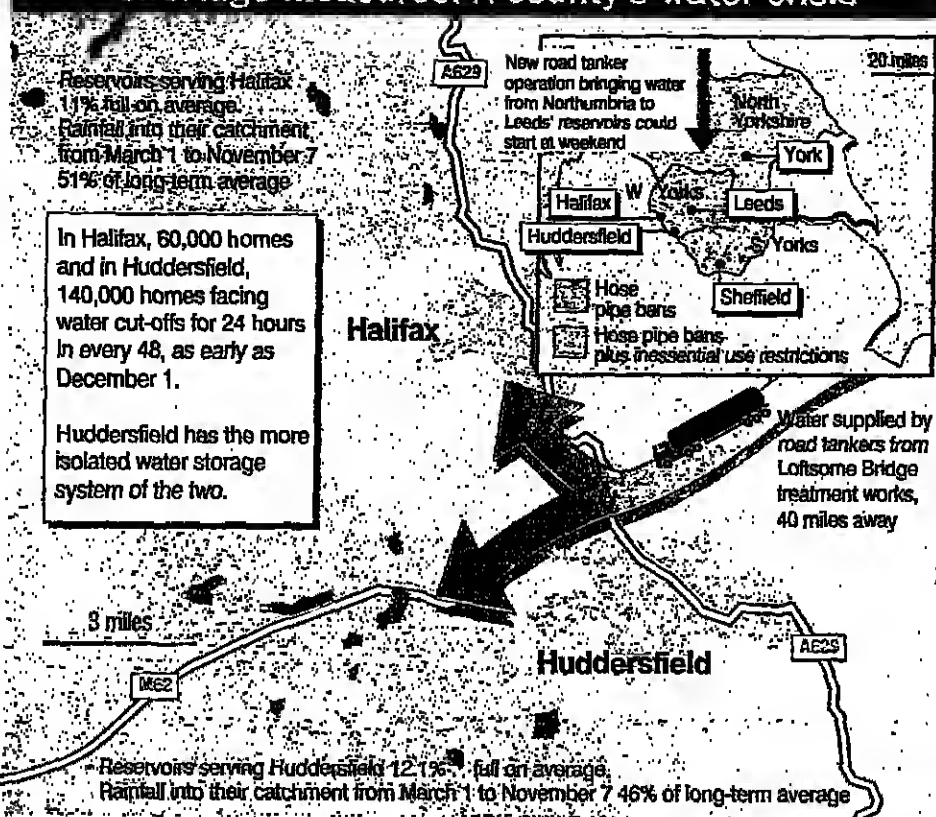
For several months Yorkshire Water has been appealing to people to cut their water use by a quarter and now uses television advertisements. It says it is deeply disappointed with the public's response to the gathering crisis; at most consumption has been reduced by one-tenth.

During the cuts the company intends to pay £3-an-hour for an emergency squad of supervisors and school cleaners who will use buckets to flush school lavatories. "They won't have to flush after every child," Clem Rushworth, of Calderdale education authority, said. "It's a question of being there and using their common sense."



Bottles banked: Pupils at St Joseph's Junior School in Halifax, West Yorkshire, where emergency rations of bottled water have been delivered. Photograph: Joan Russell/Guzeian

Shortage measures: A county's water crisis



Regulator demands answers on standards

NICHOLAS SCHOON

Three of the big 10 water companies are now composing a reply to one of the most awkward letters they have ever received - a missive from industry regulator Ian Byatt suggesting, in polite and formal language, that they have been cheating their customers.

He believes he has compiled information which suggests that they have not delivered levels of service, tapwater purity, leakage control and sewage clean-ups which they agreed to in return for being allowed to rise prices much faster than the rate of inflation.

Mr Byatt, director-general of the Office of Water Services (Ofwat), has been scrutinising a mass of facts provided this summer by all of the English and Welsh water companies, the National Rivers Authority (the Government's water pollution

watchdog) and the Department of the Environment's Drinking Water Inspectorate.

He now has questions for North West Water, Yorkshire Water and South West Water which take the form of long annexes to his probing letters which have been leaked. They cover a broad range of alleged shortcomings in improving inland and coastal sewage works, raising purity standards for drinking water and tackling low pressure problems.

Anthony Goldstone, chairman of the Ofwat's North West customer service committee, said that the company's handling of the drought had been "haphazard" and left a lot to be desired.

"The letter is really saying have they complied with all quality standards? Have they had the service standards Ofwat demands of them? Have they supplied water over the last few

months where there have been difficulties?" he said.

Yorkshire Water is told in its letter that it appears to have missed chances to improve its water supplies and storage in the years before this summer's drought. It has one of the highest leakage rates in the country, and has just announced that it plans to cut leakage from 26 to 24 per cent by 1998.

The letters follow the introduction this year of a new annual scrutiny by Ofwat. The regulator refused to comment on their contents, saying they were confidential at this stage. "We have to give them the chance to reply at length to what we're raising," a spokeswoman said.

Yorkshire Water said: "Mr Byatt has not yet reached any conclusions." It said it would co-operate fully, but was disputing "a large amount" of what the regulator was suggesting.

Ageing robbers jailed for 'vicious' shooting of guard

Two vicious career criminals with links to the Kray and Richardson gangs were given long jail sentences yesterday for a robbery in which a security guard was deliberately shot.

At an age when the Recorder of London, Sir Lawrence Verney, said most people were beginning or contemplating retirement, Christopher Bulbrook, 60, and Anthony Keegan, 61, are starting jail sentences of 15 and 18 years respectively.

Their victim, 44-year-old Andrew Wallis, had come to the Old Bailey to see them sentenced as part of his therapy but was unable to face the ordeal and had to leave.

The court was told he still suffers pain from where Keegan blasted him in the leg with a sawn-off shotgun.

He can only work at desk jobs, will never be able to work

again as a security guard and still needs counselling.

A witness to the robbery and shooting, Alice Whitlock, 78, was so disgusted by Keegan's gratuitous violence in shooting Mr Wallis, a Security Express guard - even though he offered no resistance - "that she hit the gunman with her handbag and called him a bastard", said John Kelsey Fry, for the prosecution.

Keegan pushed her out of the way and ran to a getaway car driven by Bulbrook. Seconds later it was rammed by police officers who had been watching them for several days.

Inside the car were two sawn-off shotguns and over £10,000 from the robbery outside an Iceland food store in Bermondsey, east London.

As the grey-haired pair were led to the cells, Detective Sergeant John Swinfield of the Flying Squad said: "They are

both highly dangerous individuals. As a result of their incarceration a lot of security guards out there are safer. They are vicious, armed career robbers."

He said he was glad the judge had rejected "the smoke-screen they attempted to put up" by implying they were lured into the robbery by an insider. DS Swinfield said this attempt to implicate Mr Wallis was a total fabrication and added insult to the injuries he suffered.

The men admitted robbery and firearms offences and Keegan also admitted wounding. A charge against Bulbrook's 59-year-old wife, Jane, of conspiracy to rob - which she denied - was dropped. Police saw her hand over to her husband a red holdall allegedly containing the sawn off shotguns. But Bulbrook told police: "I made her do it, she had no choice, she is not involved."

Mr Kelsey Fry said Flying Squad officers watching Bulbrook's home in Bermondsey saw Keegan - on the run from a five-year drug sentence - visit several times. They followed as the pair reconnoitred the nearby shopping centre.

In November last year Keegan struck as Mr Wallis left the Iceland store after collecting the cash. He pushed aside Mrs Whitlock and her husband, spun the guard around, grabbed the bag and then deliberately and without provocation shot him in the leg.

The pair, both with similar robbery convictions and a crime history dating back to the 1950s, were told by the judge he rejected their assertions an insider was involved and the gunshot was intended only as a warning. He said they knew the guns were loaded and to be used if they thought fit.

Porn TV channel to be banned

MARIANNE MACDONALD
Media Correspondent

The Government is set to ban the pornographic satellite channel TV Erotica from British screens, Virginia Bottomley, the Secretary of State for Heritage, said yesterday.

The Swedish-based station, which advertises itself as "Europe's hottest adult movie channel", shows films featuring uninhibited sex.

People in Britain with certain satellite dishes can view the channel - which is beamed from the Eutelsat satellite - if they pay £139 for an appropriate smart card.

Mrs Bottomley told the Today programme on Radio 4 that action to ban the channel was in hand.

"I've been very concerned about that channel and have been taking steps. I'll be able to make further announcements before long," she said.

"When there is material going out which is damaging to

children's health and well being then there are necessary powers that need to be taken." The official announcement is expected to be made within the next fortnight.

The Government can effectively ban TV Erotica from British screens by making it an offence to sell the smart cards in Britain and to advertise or publish information about the service.

Similar action was taken in 1993 to ban the pornographic station Red Hot Dutch from Britain, but viewers can still see the channel by purchasing the smart card on the continent.

The order proscribing Red Hot Dutch by the British government put the station out of business, as it lost vast sums of money when it appealed to the European courts about the ban.

Similar stations, such as TV 69, have started broadcasting from the continent but have made a deliberate decision not to market their smartcards or advertise in Britain.

Deadline nears for Naval College bids

IAN MACKINNON

Agents handling the sale of the lease for the Royal Naval College at Greenwich, one of Britain's architectural masterpieces, anticipate a flurry of bids minutes before the deadline at noon tomorrow.

Yet as the countdown entered its final hours yesterday, not one sealed bid had been received, despite expressions of interest in the Grade I listed building on the Thames from more than 450 organisations.

However, Knight Frank & Rutley, the estate agents co-ordinating the sale of the 150-year lease for the Ministry of Defence, said proposals for large properties invariably arrived right at the last moment as organisations tended to use all the available time.

The sale of the Sir Christopher Wren-designed complex, which will have stringent conditions attached, has provoked outrage in some circles from those who fear the new tenants

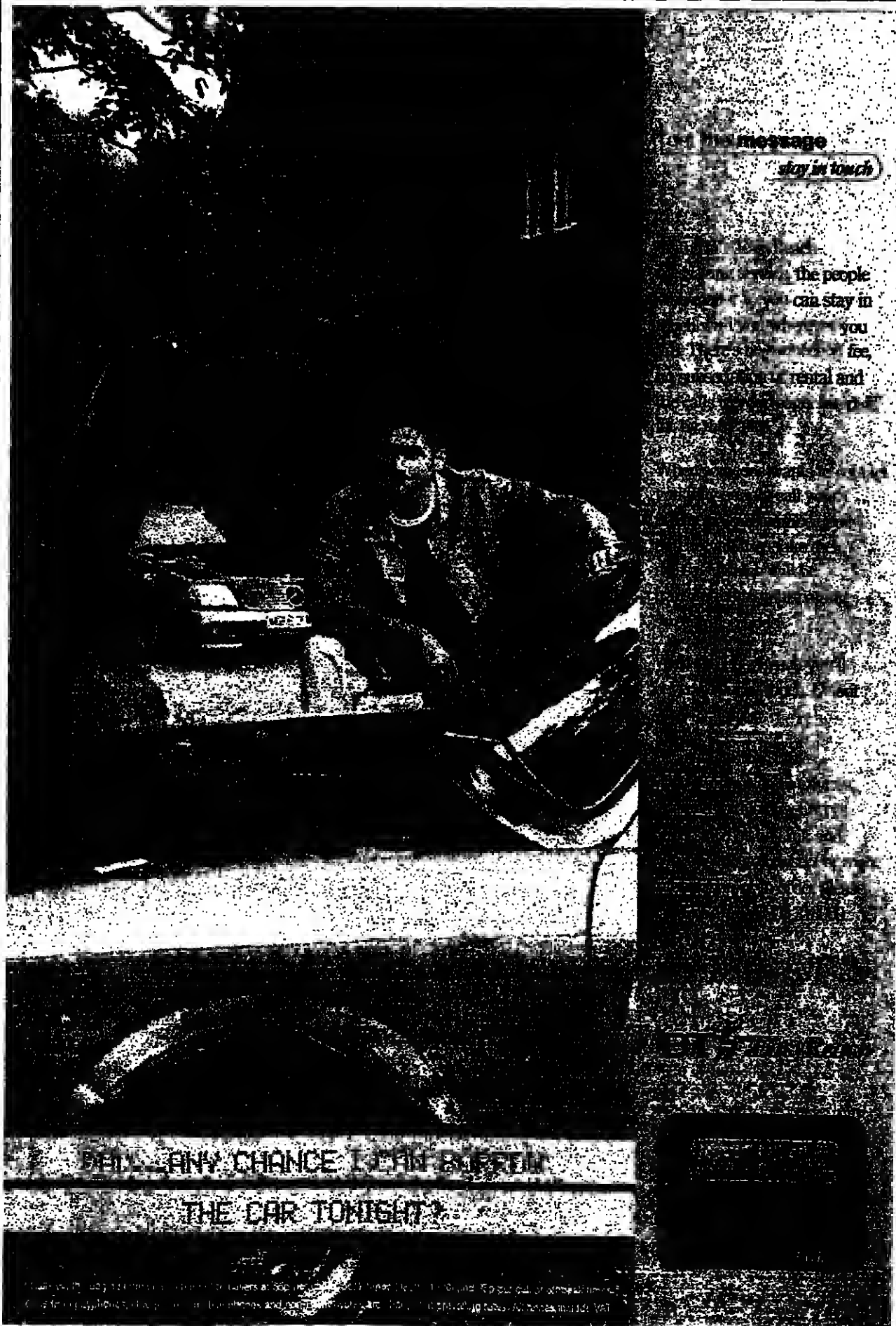
may not be in keeping with its character.

In response, though, the Government has always been at pains to point out that the successful proposal, not to be announced for some months, "will be sympathetic to the character of the site".

For this reason and the sheer scale of the site, Richard Haynes, of Knight Frank & Rutley, predicted that the number of bids would ultimately not be very large.

Primary contenders are the National Maritime Museum and the University of Greenwich, which propose transforming Greenwich into Britain's foremost Baroque site which would host the millennium celebrations.

But bids are also expected from other educational organisations, in Britain and abroad. "There has been some other interest but the serious interest that will result in a bid is almost exclusively educational," said Mr Haynes.



news

Violence on the streets a big problem in 'little England'

Trouble by the Thames: Henley counts cost after teenagers go on rampage

JAMES CUSICK

Henley-on-Thames, the riverside "little England" town, redolent of rowing, regattas, straw boaters and plenty of Pimm's, is struggling with a new addition to its tourist attractions. For the second time this year, the supposedly genteel image of the town has been destroyed by Saturday night street violence. Over the weekend, 10 youths were arrested after confrontations with local police armed with riot batons and reinforced by dog handlers.

Now the town is anxiously awaiting this week's edition of its own local newspaper. "I am sure we're about to become the Brixton of sleepy Thames Valley," said one local shopkeeper. But while the town is divided over whether it has suffered a full-scale street riot or the aftermath of an alcohol and drugs-induced teenage rampage, the youths on the streets yesterday were not looking forward to this weekend.

Outside the Three Tuns pub, the fashionable watering hole that attracts teenagers from as far afield as Reading, a huddle of youths held their own verbal inquiry into what happened last weekend. They blame the police.

Inspector Ali Dizaei blamed the town's "little Jeremys and little Henrys" who he claimed pelted his police station with stones, shouted racial abuse, and threw bricks through a police Land Rover window – all during two hours of midnight mayhem. A similar rampage occurred earlier this year, shortly after the heavy policing for the July Royal Regatta had been reduced.

Arriving in Henley almost a year ago, the Inspector promised a clampdown on a local drugs and drink problem identified as out of control. He promised increased policing.

The youths outside the Tuns yesterday reacted by saying: "The Old Bill were totally out of order." One, describing Sat-



Keeping the peace: A police officer on patrol in Henley-on-Thames. Youths in the town complain of provocation

Photograph: Edward Sykes

urday, said: "They hit people with riot batons. Dogs went for us. Eventually there was fighting on every street corner and in the car park. That's not usual here."

The fear now is that either

everything will now go quiet for a while or the trouble will worsen this weekend. "People might now come here thinking 'let's go there and do some damage'," said another teenager.

Around Hart Street, Bell

Street and New Street, shopkeepers who had their properties damaged in the "rioting" were divided over what had happened. Asquith's teddy bear

shop had one of its period win-

dows damaged and two bears stolen. The shop, according to assistant Catherine Saker, has been damaged before during similar trouble. "However, two

bears stolen is not gang war-

fare," she said. "It is getting worse here, but it's no worse

than any other similar place in

England."

College lecturer Richard Paines, who teaches at the large sixth form college in Henley, said: "The problem here is that in Henley there is little enter-

tainment for young people, apart from the pubs."

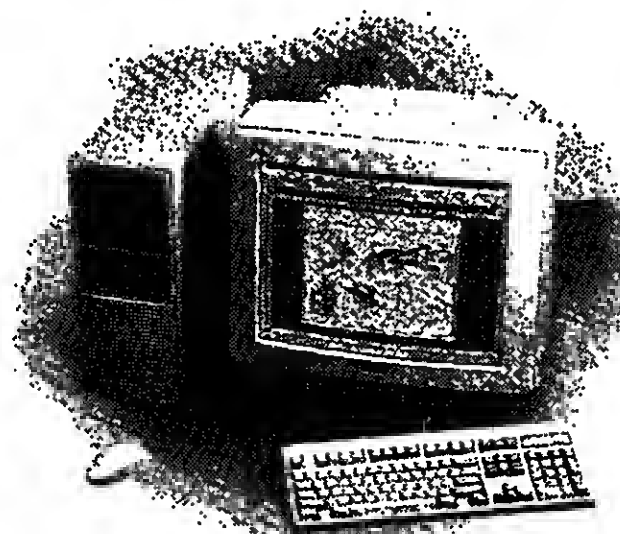
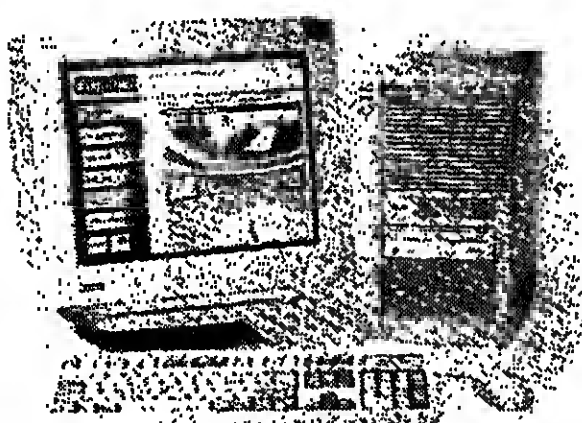
Sarah Gregory, who owns a gift shop on Bell Street, described the episode in terms of inconvenience, rather than terror. But she said some of the elderly residents nearby regularly have their doors kicked in, with some "too terrified" to leave their homes on Friday and Saturday nights.

Publicans along Hart Street, leading to the town hall and the police station, played down last weekend's trouble. An employee at the Catherine Wheel, which employs weekend bouncers, dismissed tales of riots with "nothing happened really."

Others, awaiting this weekend, disagree. One shop owner, who asked not to be named, said: "Like many places in Britain you need only scratch the surface and the image goes." The Royal Regatta was only one week in the year. "The rest of the time we have to deal with what the rest of the country is dealing with."

Eleven youths were arrested in the town of Market Drayton in Shropshire on Sunday night after gang fighting.

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Parents may cut ecstasy girl's life-support

IAN MACKINNON and
JASON BENNETTO

The parents of an 18-year-old girl who is in a coma after taking ecstasy were in discussion with doctors last night over whether to switch off her life-support machine.

The prospects of Leah Betts surviving were said to be "very, very bleak" following her collapse after taking the tablet on Saturday night during her 18th birthday party at her home.

Doctors at the Broomfield Hospital, in Chelmsford, Essex, where she is being treated, sent samples to counterparts at Guy's in London to try to discover what caused Leah's violent reaction.

Police were still hunting the main supplier of a contaminated batch of the drug, but released four students - two men, two women - on bail.

Leah, studying for A-levels at Basildon College, Essex, bought the £10 tablets in the town on Saturday.

Her parents, who both do work as drugs advisers, had thrown a party for her birthday at their home in Latchingdon, near Maldon, Essex, but were there to ensure there was no trouble or drug-taking.

Leah collapsed just after midnight shortly after taking the pill - which bore an imprint of an apple - and was resuscitat-



At risk: Leah Betts in a coma in hospital yesterday

ed by her step-mother, a nurse, until paramedics arrived.

Yesterday, Dr John Durkan, a consultant anaesthetist, said the longer her condition remained the same the less likely were her chances of recovering. "There is a significant chance she will not survive. There is no real improvement since she came in," he said.

Her father, Paul Betts, 49, a former police inspector in the drugs squad who now lectures in schools, said he was still trying to come to terms with what had happened.

drugs in the hope that it would lead to the supplier.

However, Detective Chief Inspector Brian Storey said that a friend of Leah's, also 18, had taken a pill bought at the same time and had not shown any reaction.

Up to a million people are estimated to take ecstasy every week, but the danger the tablets pose is still hotly contested.

Of the more than 50 recorded deaths blamed on the drug the majority of fatalities were due to dehydration and heat exhaustion. The drug allows party-goers to dance for hours.

Still in dispute is whether adulterated ecstasy is responsible for the rest of the deaths or if it is a rare reaction to the pure form of the drug, MDMA. Dealers use substances, including amphetamine and brick dust, to "pad out" ecstasy.

An inquest tomorrow into the death in Blackpool in September of Daniel Ashton, 17, is expected to hear that he died from either a bad reaction to the ecstasy or an overdose of amphetamine.

Leading article, page 16



Agony of ecstasy: Leah Betts's parents at a news conference yesterday

Photograph: John McLeish

Judges to rule on knife injury to unborn child

Three Court of Appeal judges yesterday began considering a complex legal case involving the death of a four-month-old baby girl born prematurely because of knife wounds suffered by her mother.

The judges, headed by the Lord Chief Justice, Lord Taylor, have been asked to rule that a man who stabbed his pregnant girlfriend committed either murder or manslaughter of their child, even though the baby was not yet a legally recognised "person in being" at the time of the wounding.

The case, referred to the court by the Attorney General, Sir Nicholas Lyell, following the man's acquittal of murder on the directions of a trial judge, raises important issues over how the law should approach the death or dismemberment of children as a result of pre-natal injury. It is being watched keenly by criminal lawyers and doctors involved in abortion practice.

Although the hearing centres on the application of the criminal law to the unlawful use of violence to the unborn child or its mother, it is seen as having implications for the medical profession in what is a "grey" area. Doctors are divided over the ethical problems arising from late abortions which result in delivery of living foetuses.

The woman victim in the case was stabbed with a kitchen knife during a drunken row and gave birth three months prematurely. Her baby daughter survived for 121 days, under-

going surgery to repair the injuries she suffered in the womb. She died from the consequences of premature birth.

At the man's trial in 1993, Mr Justice Holland ruled that, according to legal precedent, he could not be convicted of murder in the absence of specific malice against the unborn foetus. The man, who was earlier sentenced to four years in jail for wounding the mother, has the right to remain anonymous in the two-day appeal hearing, the outcome of which cannot affect his acquittal.

Robert Smith QC, for the Attorney General, contended that murder or manslaughter was committed if a child was born alive, lived independently of its mother and then died as a result of intentional injury caused while it was still in the womb. It mattered not if the intention was to inflict injury only on the mother - the offence was still made out by the doctrine of "transferred malice".

The fact that the foetus was not legally a person in being at the time was no bar to successful prosecution, Mr Smith told Lord Taylor, Mr Justice Kay and Mrs Justice Steel. It was well established law that to kill a child before it had an existence independent of its mother was not murder or manslaughter. But once a child was born alive, difference considerations applied - and the lapse of time between the violent act and the actual death was irrelevant.

The case continues today.

Blockade threat to nuclear plant

JOHN ARLIDGE
Scotland Correspondent

Anti-nuclear activists are to blockade the troubled Dounreay nuclear research establishment in Caithness in an effort to prevent the reprocessing of up to 20,000 radioactive spent fuel rods.

Managers at Dounreay have unveiled plans to reprocess more than 1,500 fuel rods each year for the next 10 years. The United Kingdom Atomic Energy Authority, which runs the plant, has already agreed to recycle 80 tons of spent sodium from reactors on the Continent and is set to win a multi-million pound

contract to reprocess hundreds of radioactive fuel rods from Australia. The plant is also hiding for United States contracts worth more than £100m. A contingent of 52 US-made rods from a German nuclear reactor arrived at Dounreay last month.

Bosses at the plant argue that reprocessing will generate £10m a year for the Caithness economy and create much-needed employment. A Dounreay spokesman said the spent fuel elements posed no threat to the public during transport or storage. Reprocessing would generate "only a tiny amount" of additional radiation and all waste products would be returned to the country of origin.

But UKAEA's bid for the work comes at a sensitive time. Dounreay is still reeling from a series of revelations, highlighted in the *Independent*, that poor safety procedures have led to harmful radioactive leaks. "Hot" metal fragments have been discovered at the plant and on nearby beaches in recent months.

At the same time, two reports from government pollution watchdogs have accused managers of covering up a radioactive explosion at the site in 1977. Critics of Dounreay say its poor safety record means it cannot be trusted to reprocess the spent fuel rods. Activists are planning to blockade the plant as part of a campaign to force managers to abandon the work.

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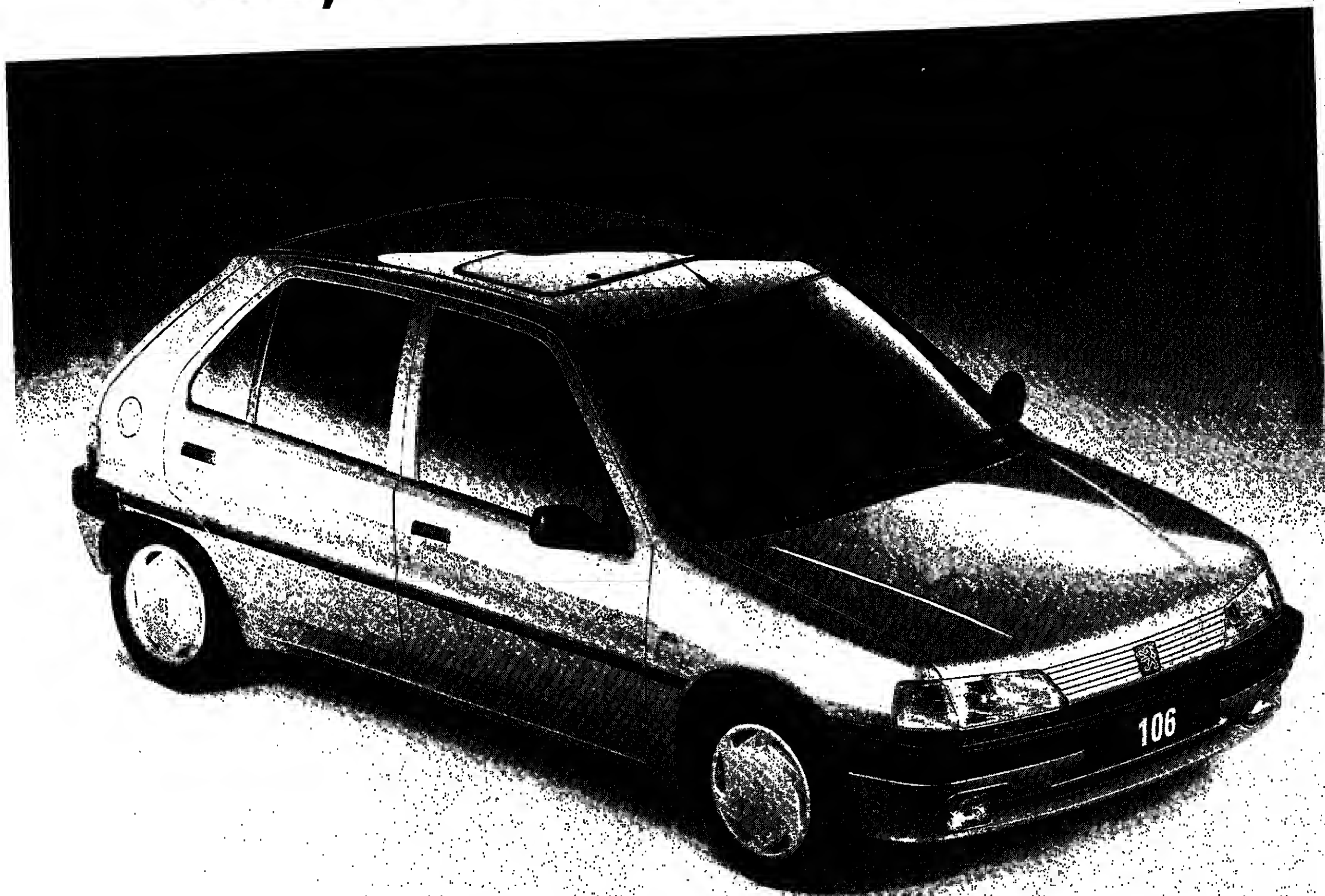
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Cromwell Street trial: Court hears sensational testimony from witness who admits she lied over £100,000 newspaper deal

Fred West 'confessed to 20 more killings'

WILL BENNETT

Frederick West claimed that he and his wife, Rosemary, killed another 20 young women, in addition to those they were charged with murdering. Winchester Crown Court was told yesterday by a witness who admitted to agreeing a £100,000 newspaper deal for her story.

The couple had been involved in the killings with several other men and some of the bodies had been buried at a farm, Mr West told Mrs Janet Leach, an observer appointed to sit in on his police interviews.

Mrs Leach was resuming her evidence in the trial of Mrs West on 10 murder charges, six days after collapsing during an adjournment and being taken to hospital in Winchester.

Yesterday, looking pale and drawn, she was pushed into the witness box in a wheelchair. She was accompanied throughout her evidence by Dr Christopher Gordon, from the Royal Hampshire County Hospital, where she had been treated since her collapse.

Mrs Leach, who suffered a stroke last year, admitted yesterday that she had lied last week about contacts with the media and said that she had verbally agreed a £100,000 deal with Mirror Group Newspapers.

The trial of Mrs West, 41, who denies the murders of 10 girls and young women whose remains were found at 25 Cromwell Street, Gloucester, and at the Wests' previous home in the city, entered its seventh week yesterday.

Last week Mrs Leach, 39, told the court she had been appointed as an "appropriate adult" to sit in as an impartial observer at police interviews with Mr West, who was found dead in his prison cell on New Year's Day.

She said she had built up a rapport with Mr West and that he told her that he had made a pact with his wife by which he

would take sole responsibility for the killings.

Yesterday, Mrs Leach was asked by Brian Leveson QC, prosecuting, about other murders mentioned by Mr West. She said he told her that the remains of some girls had been buried at a farm.

Mr Leveson asked: "Did you ever get to the bottom of these others?"

Mrs Leach replied: "Only as to what happened to them and how many but he did not give me specific areas."

Mr Leveson asked: "How many people was he talking about?"

Mrs Leach replied: "Another twenty."

Mr Leveson asked if Mr West had revealed who else was involved in the killings. Mrs Leach said he had told her that Mrs West, another person, and some coloured men had taken part.

Mr Leveson said: "Are you in the position to evaluate or judge whether whatever he said to you was true or not?"

Mrs Leach replied: "No."

Questioned by Richard Ferguson QC, defending, Mrs Leach said Mr West had told her that he knew Mary Bastholm, who disappeared in Gloucester in 1968. He said he picked up the 15-year-old at a bus stop.

Mr Ferguson asked: "Did you ask him about where Mary Bastholm was? Did you gather that she was dead?"

Mrs Leach replied: "Yes."

Mr Ferguson said: "Did you ask him where her remains were?"

Mrs Leach replied: "He said that they were on a farm."

She said Mr West told her that the victims found at 25 Cromwell Street had died by accident and that someone else had brought their bodies back there.

He also told her that his first wife, Rena, and another person had killed Anne McFall,

whose remains were found near his home village of Much Marcle, Herefordshire. Mr West was charged with her murder, but Mrs West is not.

She admitted that she knew that Mr West was telling her one thing and the police another. Mr Ferguson said: "You did nothing about it." Mrs Leach replied: "I couldn't."

Mr Ferguson asked: "Why was he [Mr West] prepared to take responsibility for these killings?"

Mrs Leach replied: "Because he would do anything for Rose."

Mrs Leach said that after she ceased to be an observer at his interviews, she stayed in touch with Mr West because he had told her about the other bodies and she wanted to find out where they were.

Mr Ferguson asked her about her evidence last week that she had not sold her story or spoken to the media. He said that last year the *Daily Mirror* had been telephoned by a woman who said she was helping a

friend who wanted to write a book. Mrs Leach agreed that she had made the call.

Mr Ferguson then read out a letter, from Mirror Group Newspapers, offering £7,500 for the rights to her story.

Mrs Leach agreed that in August MGN had provided a chalet in Somerset for herself and her family, and in September she had personally received £5,000 from the *Mirror*.

Mr Ferguson then put it to her that she had had a meeting with three MGN representatives. "At that meeting you verbally agreed to accept an offer of £100,000 for the exclusive rights to your story."

Mrs Leach replied: "I have not signed anything."

Mr Ferguson said: "Did you accept that offer?"

Mrs Leach replied: "Yes."

Mr Ferguson said: "You were also asked if you had spoken to the press by Mr Leveson. That just wasn't true was it?"

Mrs Leach said: "No."

The trial continues today.



Dramatic evidence: Mrs Janet Leach gives Winchester Crown Court her account of meetings with Fred West



DAILY POEM

Luton versus Middlesbrough

By John Hegley

Five whole goals to Luton Town
and Middlesbrough not one,
but though their team was five-nil down
their fans were up for fun
and when their consolation came
before the whistle blew
they echoed Luton's 'we want six'
with a modest 'we want two'.

John Hegley was born in Islington, London, in 1953 and grew up in Luton. He read English and sociology at Bradford University and worked in children's theatre before becoming a performance poet. Five collections have now appeared: *Glad to Wear Glasses* (1990), *Can I Come Down Now Dad?* (1991), *Five Sugars Please* (1993), *These Were Your Father's* (1994). This poem is taken from his latest collection, just published, *Love Cuts* (Methuen, £8). "His words are droll and whimsical and quite often make little sense" - *Luton News*.

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It's like travelling a desert road, no matter how far you drive, the horizon seems as far away as ever.

When we set out in 1990, the issues that faced us seemed almost overwhelming in their scope and size. So we decided our best approach would be to research the issues that affected our business, list the priorities and formulate a policy and action plan for each one, so we could reduce our impact on the environment.

We knew we couldn't create quick-win solutions but we did promise continuous improvement on a long term scale.

Since our last update in September 1994, we can report many achievements, but we have identified other issues which need to be assessed and acted upon.

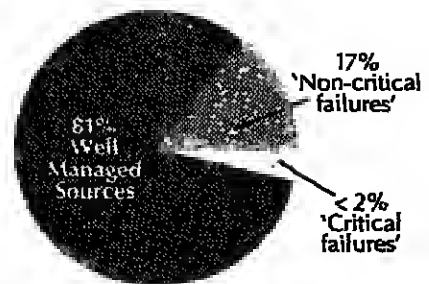
Progress made: the timber story



In 1991, nine out of ten of our suppliers could not or would not tell us where the timber they used came from. Yet half of them said that their timber came from sustainable sources. It meant we had to find out for ourselves.

By the end of 1993 we had identified all the sources of our timber products but also in 1991 we were the first retailer to sign up to the World Fund for Nature's timber target - we said, 'We will only buy timber products sourced from well managed forests from the end of 1995'.

It's a target we are confident that we are close to hitting. It has meant visiting suppliers and forests in 20 countries, repeatedly surveying over 100 suppliers and taking over 800 man days to scrutinise every timber product and its supply chain - an enormously complex process.



November 1995

The chart shows that at the time of going to press 81% of our timber products come from well managed sources. 17% is designated 'non-critical failures' - we expect to solve any outstanding problems by

the end of the year. And currently, fewer than 2% are 'critical failures' and therefore we may have to seek alternative sources.

Even if B&Q is confident that all its timber comes from well managed sources, we need to go one step further for our customers. We have embarked on a programme to ensure that all timber products come from independently certified well managed forests by the end of 1999. Three product ranges - rubberwood doors, parquet flooring and red hardwood mouldings - have already been independently certified and there are ten other product ranges currently going through the process.

Below is a table which shows where all our timber comes from.

Year of Timber Audit		
	1993	1994
Total timber usage by B&Q's products	259,000 m ³	283,268 m ³ (an increase of 8.7%)
% of timber by volume traced to forest level	39%	52.6%
% of timber by volume traced to a named processing mill	59%	45.6%
% traced to only a regional level within a country	0.23%	0.9%
% traced to a country level only	1.41%	0.9%
Number of countries supplying timber	41	50
% of the timber originating in the UK	52%	54%
% of timber from the temperate forests	92%	91.6%
Commonest species used	Conifers at 84%	Conifers at 85.5%
Most common tropical timber used	Rubberwood from 4 different Far Eastern countries at 1.9% of the total volume	Rubberwood from 5 different Far Eastern countries at 2.1% of the total volume

Local charcoal

This year, working with the Bio-Regional Charcoal Group, 30 B&Q stores have been stocking charcoal produced from their local woods. It has helped to create a new UK industry and stimulate an ecological and economic revival of the UK's neglected woodland resource. By next season we are confident that the local charcoal (which will be stocked in about 120 stores) and all our other charcoal sources, will be independently certified.



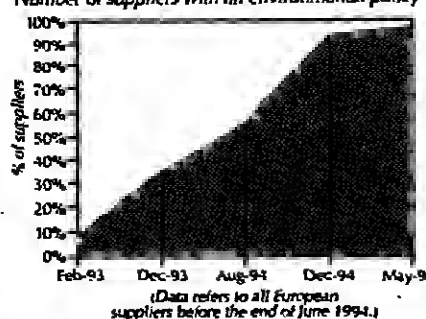
Not just timber

Whilst we have treated timber as a priority area, all 40,000 products we sell have an environmental impact. We have continued to work with all of our 500 suppliers to ensure that they are fully aware of their products' life cycles and have the action plans to reduce their impact.

The supply chain

Our target was that by the end of last November all suppliers had to demonstrate a detailed awareness of the issues and be committed to reducing their impact. By

Number of suppliers with an environmental policy



November 1994 94% complied with our target and those that didn't have now met our standards or no longer supply B&Q.

Having reached the point where all our suppliers had an environmental policy, the next step was to maintain the momentum and ensure that real improvements were being made.

QUEST

QUALITY, ETHICS, SAFETY AND TREATMENT

Last July we introduced QUEST. A scheme that measures suppliers on both their quality and environmental performance. We believe that product quality and environmental issues both contribute towards our main objective - customer satisfaction. Suppliers are now measured on ten principles and are graded on their published policy, their actions, their involvement in international supply chains*, on all aspects of packaging and their performance on timber.* (*where applicable).

New standards

QUEST is still in its infancy but by next year each supplier will be given a classification. Based on the quality and environmental criteria, it will range from 'exceptional supplier' to 'problem supplier'. 'Problem' and 'poor' suppliers will not have new products stocked until they have resolved the issues.

International supply chains

We have been concerned about high profile issues such as timber and peat but when we visited factories of suppliers in developing countries, we realised we had other issues to deal with. In many factories working conditions were poor and it's hard to justify concerns about insects in a peat bog if

the people making our products are working in potentially hazardous conditions.

Last year we reported on our work in developing nations, including our involvement in a brassware factory in India, to improve health and safety conditions.

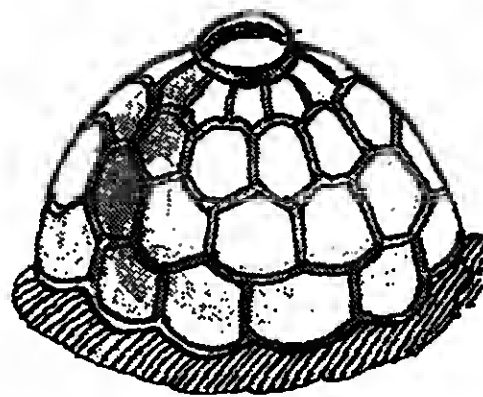
This year we have worked with our machine-woven rug supplier to investigate their manufacture in India. We thought the issue would be child labour but we learned from many sources that child labour is generally confined to hand knotted rug production. Nevertheless, there were other issues such as the dying of cotton yarns - using caustic soda,

hydrogen peroxide and dyes - to focus our attention. A range of improvements, including the installation of a water filtration unit, were implemented once B&Q had made a long term commitment to the manufacturer's product.

Room for improvement

Other potential problems have been identified but still need attention. An example is capiz lampshades from the Philippines. They use capiz shells which come from free-living scallops living in sandy sea floors. Despite the legal regulations, illegal collection is not unknown. The quality of wiring at the factory, the lack of protective clothing and the use of diluted hydrochloric acid and lead solder also cause concern.

But simply ceasing trade with this factory would mean economic problems for the workers as well as the owner, so we will be making deeper investigations into capiz with a view to making realistic improvements.



Sometimes the magnitude of the problem is just too great. We visited a factory in India which makes hinges where we found conditions very poor. Potentially hazardous use of chemicals, untreated waste water, unacceptably high noise levels and incomprehensible safety warnings led us to the reluctant conclusion that we had little chance of improving conditions. We decided to transfer our business to a factory with better standards.

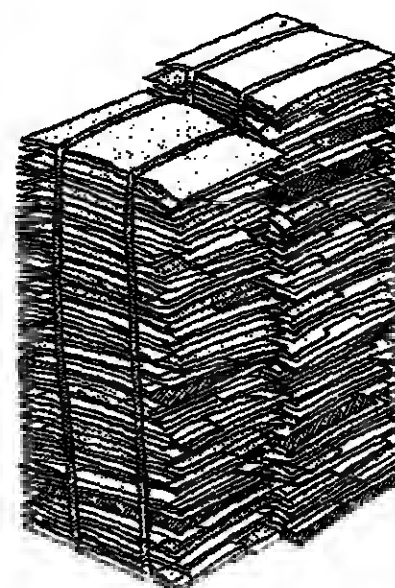
Even though we have a policy which sets out criteria for suppliers sourcing from developing nations; have visited many production facilities in these countries and have worked with suppliers to achieve some improvements, we know we have much more to do.

In the future we will continue to devote resources to ensure we find out more about working conditions in all these factories and try to improve them where feasible.

Keeping our own house in order

We have been making progress in our own operations. One of our most exciting challenges is our 'zero' waste project. Working with 12 of our stores in a pilot scheme, we are aiming to reuse and reduce one store's waste to zero and the remainder to 75%. It's a very ambitious target and even if we get close to it, we will have made a significant achievement.

Through recycling cardboard, for example, we can save up to £400,000 by not putting the cardboard into general waste skips,



and we can create revenue of an additional £400,000 by baling it up and selling it in large volumes.

Proving that reducing the environmental impact of our business can sometimes save money.

Customer choice

Most of us know the benefits of insulating our houses, installing radiator flow valves and stopping dripping taps but changing our buying habits can also help.

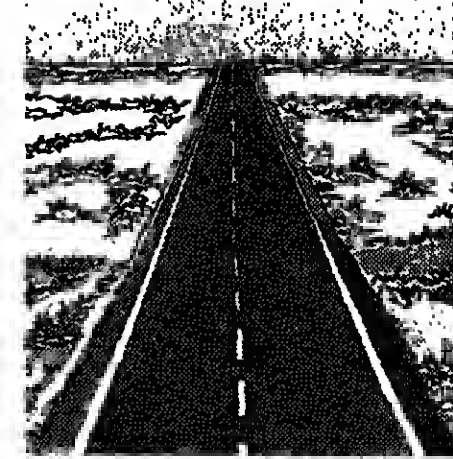
Why not buy energy efficient light bulbs, peat-free composts and water-based paints?

B&Q as a business is led by customer demand - if customers ask for environmentally sound alternatives, it will change our own buying patterns?

Shades of green

So, is B&Q any greener than when we started our environmental programme five years ago? Yes. Work with our suppliers, work on timber and peat and in developing nations, has definitely helped reduce the impact of B&Q upon the environment.

But, even though we've come a few miles down the road, we know that the horizon is going to remain tantalisingly distant for many years to come.



B&Q has detailed its environmental policy and action plan in its second environmental review, 'How Green is My Front Door?'

For a free copy, please fill in this coupon and send it with a self addressed envelope (at least 21cm x 22cm) to: Dr. Alan Knight, B&Q plc, 1 Hampshire Corporate Park, Chandlers Ford, Eastleigh, Hants, SO53 3YX.

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B&Q

Reporting on our impact on the environment.

Lottery sales total £4.5bn in first year

REBECCA FOWLER

The luckiest place to live in Britain is the Midlands if you want to win the National Lottery, while the players least likely to win the jackpot are based in Wales and Northern Ireland, according to research conducted for the first anniversary of the game.

The National Lottery, which has taken £4.5bn in sales in its first year, celebrated its unprecedented commercial success yesterday. But lottery organisers also acknowledged it has attracted an equally forceful barrage of controversy for allegedly encouraging gambling.

Although the survey found 89 per cent of people "approve" of the National Lottery, 40 per cent did not agree that it is "a harmless flutter", and nearly a third did not agree that it was a "really good thing for the country".

Among the most outspoken critics is the Church of England. Yesterday, the Rt Rev David Sheppard, the Bishop of Liverpool, called for an investigation into the lottery. "Gambling is being encouraged and artificially stimulated," said the bishop. "The scratch cards are driving a coach and horse through all the rules of gambling."

David Rigg, communications director of Camelot, the lottery operator, confirmed that Gamblers Anonymous had a 17 per cent increase in calls from worried members of the public. Camelot is to co-fund research into the impact of the lottery with an independent organisation.

Forty per cent play the lottery because they find it fun. But a quarter, mostly in the 16-34 age group, are "big prize dreamers" who play for the jackpot.

More than 130 millionaires have been created by the lottery in its first year, with 20 winning

over £5m and six winning over £10m. The highest number of winners, by television region, have come from the East, West and South Midlands, where there have been 53 jackpot claims, followed by 50 in London. Only 13 claimed jackpots in Wales.

While Wales accounts for 95 per cent of the national average sales, it has only 67 per cent of the national average of winnings. Scotland has 94 per cent of sales, on an average population basis, but only 86 per cent of the winnings. The luckier regions include the South-west, which has 90 per cent of sales, but 113 per cent of winnings.

Camelot said that they would be extending the game over the next few years of their licence to sustain interest. They are considering a separate mid-week lottery draw and more complex scratch cards.

"The mid-week draw is one of the options we have, but there are lots of other games we are looking at too," said Tim Holley, chief executive of Camelot. "We are want to keep sales at the same level, or with a slow level of growth."

The average weekly spend on the lottery is £2.33. Members of social group C2 have the highest flutter, spending an average of £2.49 compared with C1s who spend the least, £2.33. Most lottery tickets are sold in London, where sales per capita are £1.55.

The lottery was defended by Virginia Bottomley, Minister for National Heritage, who said the weekly spend of £2 was "less than a packet of cigarettes" and denied it was exploiting the people least able to afford it. She also said that the age limit for buying tickets would remain at 16, and indicated it was unlikely that prizes would be capped.

Robert Stephens: 'Heir to Olivier' finally won recognition during a Shakespearian Indian summer



Sir Robert: Above, as King Lear for the RSC in 1993 (Photograph: Stuart Morris). Below, with his wife, Patricia (left) and Dame Maggie Smith at this year's Variety Club Show awards

'Great light' goes out as acclaimed Lear dies

DAVID LISTER
Arts Correspondent

Sir Robert Stephens, one of the most talented and outrageous actors of his generation, has died at the age of 64.

His death comes just days after the publication of an intimate, revelatory autobiography, and a collaboration with the Prince of Wales on an audio cassette of Shakespearian speeches.

In the Sixties, Sir Robert was one half of a seemingly glittering showbiz marriage to Dame Maggie Smith. The marriage ended acrimoniously following Sir Robert's drinking and womanising, but the couple later became friends again.

Yesterday Dame Maggie said: "Robert was a colourful if complicated character and a very, very fine actor. Although he had been very ill, I was very saddened to hear from Patty of his death this morning."

Sir Robert, like Dame Maggie, was one of the stars of Laurence Olivier's National Theatre company in the Sixties. Some critics hailed him as a successor to Olivier.

After this, Sir Robert's career went into the doldrums and he suffered from health problems. But at the start of the Nineties he was invited to act by the RSC's artistic director, Adrian Noble, who as a child had seen him in *The Royal Hunt of the Sun* in the Sixties. Under Noble's direction, Sir Robert played Falstaff and King Lear and won awards, massive critical praise and, last year, a knighthood.

To the surprise of many and the alarm of some, he published an autobiography this month which revealed a series of love affairs with well-known people, including Lady Antonia Fraser. Sir Robert, who died on Monday night at the Royal Free Hospital in London, had

undergone a liver and kidney transplant. His wife, the actress Patricia Quinn, and his actor sons, Toby and Christopher, by former wife Maggie Smith, were at his bedside when he died.

Adrian Noble said yesterday: "A great light has gone out. When Robert was on form he burned brighter than almost any other actor I knew. His extraordinary vocal and physical energy belied his weak frame and a body wracked by illness and abuse."

Sir Peter Hall, who directed Sir Robert at the National Theatre, said: "I truly admired him. Robert Stephens was one of the great actors of his generation and yet his greatness was almost undeclared until very recently when he amazed and delighted us with Falstaff and King Lear."

"Theatre people will always be reminded that great talent is often a curse as well as a blessing."

Obituary, page 18



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we hope you'll never actually see.

The new Mercedes E-class is, on the other hand, something we hope you do see at the earliest opportunity.

For more information, call us on 0181-518 9088.



The new Mercedes E-class. Engineering seen with fresh eyes.

news

Poverty survey: Charities say lack of proper nutrition among pregnant women on benefits linked to higher illness in children

Mothers' poor eating puts babies at risk

GLEND A COOPER

A healthy balanced diet is off the menu for the majority of pregnant women living on benefits - putting their unborn babies' health at risk, according to a new report.

The study, by NCH Action for Children and the Maternity Alliance, says the cost of an adequate diet is "virtually impossible" for many women to afford, especially mothers-to-be aged 16 and 17 who are not eligible for full benefits.

The report, *Poor Expectations - Poverty and Undernourishment in Pregnancy*, also revealed that 33 per cent of pregnant women on income support were falling below "seriously deficient" levels in essential nutrients.

Poor nutrition in pregnancy

is linked to low birthweight (under 2,500g or 5lb 8oz) which is the single most important cause of infant mortality.

Meanwhile, a second study published today shows that severe vitamin deficiency is putting homeless people at risk of scurvy and other diseases.

A survey of 400 by the charity Crisis found that they were only receiving one-fifth of the recommended intake of vitamin A and less than two-thirds of the daily dose of vitamin C.

The NCH survey of 120 women estimated that the average cost of eating a realistic and nutritious diet of the kind recommended during pregnancy was £18.12 a week - almost half the income of a single 24-year-old on benefits and 65 per cent of the income of a single woman aged 16 to 17.

Nearly all those surveyed were eating a poor diet and 76 per cent regularly missed meals. A survey of their diet during the previous 24 hours showed that 43 per cent had eaten no vegetables apart from potatoes and 75 per cent had had no fruit. At the same time nearly 80 per cent had consumed sugar-rich foods or drinks and nearly 90 per cent had eaten fatty snacks.

Low birthweight babies are more likely to fall ill and to suffer from disabilities such as cerebral palsy, blindness or deafness. Poor language development, low IQ and behavioural problems have all been linked to low birthweight.

Seven per cent of babies born in the UK still have a low birthweight compared with 4 per cent in most EU nations. In a Scottish study, one in

four low birthweight babies suffered disability. Thirty per cent of very low birthweight babies (1,750g) did not survive past five years old, while 16 per cent of the remainder had cerebral palsy or blindness.

Tom White, chief executive of NCH Action for Children, said: "The difficulties faced by pregnant women in eating a healthy balanced diet aren't the result of a lack of knowledge but of poor material circumstances and low incomes."

The charities are calling on the DSS to introduce a premium to be paid from the time pregnancy is confirmed to ensure nutritional requirements can be met.

□ *Poor Expectations, Poverty and Undernourishment in Pregnancy*, NCH Action, 85 Highbury Park, London N5 1UD. £5.



Tight budget: Marie Vincent at a press conference to launch the NCH's report yesterday

Photograph: Edward Sykes

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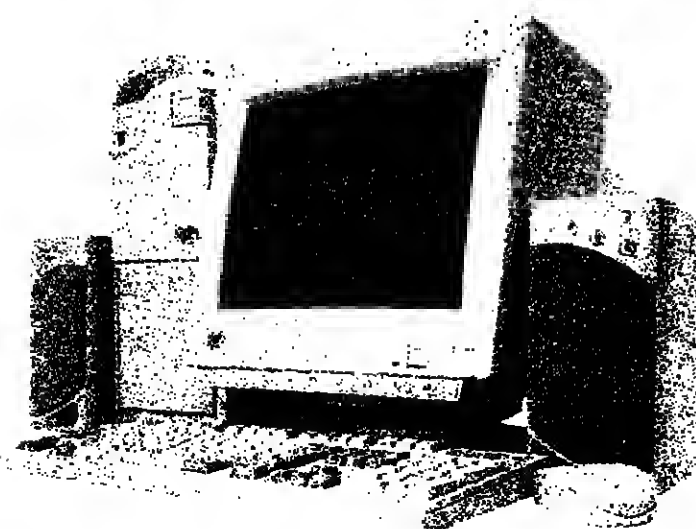
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¹Photograph shows a multimedia model. Multimedia is not available on all models. Only one model is stocked at £1,799 (inc. VAT). See your retailer for details. Retailer prices may vary. IBM Home Page: <http://www.ibm.com>

Chip-plan diet satisfies hunger on the breadline

"Chips with everything. They fill you up," is the way Marie Vincent sums up her diet and that of her three young children, writes Glenda Cooper.

Managing on a budget of just over £100 a week (£78 Income Support and £27 Family Allowance) for herself, Nicky, seven, Paul, three, and Roxanne, one, is difficult, she admits. And with bills coming in that have to be paid, food is the first necessity to suffer.

Marie, 22, could not afford to eat healthily in her three pregnancies and regularly missed meals to keep her other children fed. Although all her children were average birthweight, her son Paul is now experiencing developmental difficulties which she attributes to their poor diet.

This is not because she knows nothing about nutrition: "Of course I'd like to give them salads and things like that, things they should be eating, fruit every day, but you just can't afford it on the benefits they give you," she said. "You've got to pay the electric and the gas and I put away some money in phone stamps every week. Then what's left goes on food."

A normal menu for the Vincent family would begin by either skipping breakfast or having a bit of toast. Nicky and Paul have their lunch at school and playgroup, and Marie would have some soup. Then for

tea "chips and a sausage or chips and fish fingers - basically chips and something."

Apart from worrying about the children's diet, Marie's own eating habits were even less healthy when she was pregnant. She began by skipping meals when money was short: "The kids would always come first you see. I couldn't take food from them."

"When I cook for them, it put me off, which made it easier. After standing there cooking chips and things like that, you don't feel like eating that yourself."

"I probably had a healthier diet during my first pregnancy but once I had other children to feed, my health came second and I would miss meals or eat toast or drink lots of tea to stop my hunger. I'd love to eat fresh fruit and vegetables but a bag of crisps is more filling and much cheaper."

Relieved that her children were eventually born with average birthweight, she is still concerned about the future, particularly as Paul is developing more slowly than other children: "I still worry that I'm setting up [the children] for bad health in later life by not being able to provide them with the healthy food they should be eating while they are growing and developing. But what can I do?"

ADVERTISEMENT

INFORMATION EXPOSES HUGE INTERNATIONAL RING

YARD QUESTIONS MARQUIS ABOUT INVOLVEMENT IN ALMERA HEIST

The Marquis De Brieve, one of Europe's foremost art collectors, has been brought in for questioning over the multimillion pound off shore Almira heist in which 5,594 new Nissans went missing.

The Marquis is also being interrogated about his involvement in the spate of Almira disappearances that have taken place throughout Britain over the last two weeks. A spokesman for Scotland Yard told reporters that the Marquis was being "much more co-operative" than Lord Wordingham who police arrested two days ago.

The Marquis is thought to have revealed the presence of a huge international ring of Almira abductors recruited by the notorious Mr. Big, the

mastermind behind the operation. Police released an artist's impression of Mr. Big last week and are certain that the Marquis knows of his whereabouts and true identity.

Meanwhile police are advising all new owners to remain vigilant. Although Nissan's highly acclaimed Anti Theft System makes the Almira almost impossible to steal, there have been several cases where the abductors posed as parking officials and simply towed the cars away.

Nissan have assured potential purchasers that new Almeras are available from a secret location under high security guard. Any member of the public wishing for more information should call 0345 66 99 66.



The Marquis: co-operative

Commonwealth meeting: Angry Nigeria insists it is loyal to the democratic principles of Harare declaration

Summit sends tough message to 'bad boys'

STEVE CRAWSHAW
Auckland

The roller-coaster Commonwealth summit in Auckland — one of the most dramatic in recent years — ended yesterday with claims by Commonwealth leaders that the decisions taken would prove to be "historic".

The result was both a fudge and a great leap forward. On the half-full versus half-empty prin-

ciple, optimists and pessimists could plausibly interpret the outcome in opposite ways.

The final communiqué incorporates the statement suspending Nigeria, with threatened expulsion if it does not mend its ways within two years. It also incorporates the Millbrook Programme, agreed at the weekend, which establishes a framework for ensuring that member states conform to certain basic norms. The programme sets out options for helping, persuading and punishing countries that fail to meet the required standards.

All of which is more dramatic than anything the Commonwealth has achieved before. It was the execution of Ken Saro-Wiwa in Nigeria that shocked the leaders out of their half-complacency. Suddenly, action seemed essential as never before.

Yet the action against Nigeria is far less than Nigerian human rights activists and others would like to see. They are calling for sanctions or an oil embargo, as a punishment for the hanging last week of Saro-Wiwa and eight others on apparently trumped-up charges of murder, and for other abuses of human rights. An oil embargo would hit Nigeria immediately, and hard

— but would also affect the commercial interests of those imposing the embargo.

None the less, Nigeria's reaction to the suspension is significant in terms of assessing the effectiveness of the Commonwealth action. The Nigerian Foreign Minister, Chief Tom Ikimi, complained that the suspension was based on unsubstantiated media reports about the executions (implying the extraordinary possibility that Saro-Wiwa and the others might still be alive). Above all, he insisted that the "flexible and pragmatic character of the Common-

wealth relationship has been gravely and ominously altered". Mr Ikimi insisted that the Nigerian military regime is loyal to the Harare declaration of 1991 which emphasised the importance of democracy and human rights. But, he added: "In our view they [the Harare principles] were not meant to become legalistic provisions, giving unlimited mandate for interference in the internal affairs of Commonwealth countries."

His angry complaints suggested that Nigeria may be rattled by the almost unanimous response to Nigeria's defiance



Defiant voice: Nigeria's Foreign Minister Tom Ikimi (right) and his advisers at a turbulent press conference in Auckland yesterday

of the Commonwealth (the only dissenting vote was from Gambia, which itself has a military regime).

He appeared to criticise South Africa and its neighbours and to draw a line between the interests of southern Africa and the rest of the continent. President Nelson Mandela has been sharply critical of Nigeria and played a leading role in its suspension. He, John Major, and the New Zealand Prime Minister, Jim Bolger, sat together on the flight to the weekend retreat, and in effect stitched up a deal for the proposed suspension of Nigeria during the flight.

In one respect at least, Mr Ikimi scored a bit with yesterday's declaration. With reference to proposals to send an eminent persons' group to Nigeria, he suggested that, "for the integrity and credibility of such a group, its members should be drawn from countries where there are no political prisoners, where opposition leaders are not in jail and where press freedom is unfettered. As Mr Ikimi well knew, many of the other 52 members of the Commonwealth would not meet these criteria.

The most important feature of the Millbrook declaration is the signal it sends: at least in theory, bad-boy behaviour will no longer be permitted. Officials were optimistic yesterday that abuses of democracy, including Gambia and Sierra Leone, would get the message: "You'll see them at the next... meeting with democratic governments."

It was confirmed yesterday that a standing action group will be formed to deal with "serious or persistent violations" of the Harare principles.

News analysis, page 15
Comment, page 17

IN BRIEF

Air crash kills 50

Lagos — A Nigeria Airways Boeing 737, with 120 people aboard, crashed on landing and burst into flames at Kaduna airport in northern Nigeria, killing at least 50 people and injuring 44, a Federal Civil Aviation Authority official said. One Briton is believed to be among the injured. *Reuters*

Kohl hits at China

Peking — German Chancellor Helmut Kohl slapped China on the wrist by handing Premier Li Peng a list of 15 Chinese political prisoners, even as German firms signed deals worth \$1bn. German officials declined to say if Mr Kohl demanded the release of the prisoners or what was Mr Li's reaction. *Reuters*

Father's plea

Strasbourg — Jean-Louis Chiffo, the father of one of two French airmen shot down over Bosnia two months ago, launched an anguished appeal to Nato leaders to seek news of the missing men. In a letter published by the French daily *l'Est Républicain*. *Reuters*

Double award

Paris — The Russian-born writer Andrei Makine won the Goncourt prize in an unprecedented double award. Mr Makine, 37, had received the Médicis prize for his autobiographical novel *Le Testament Français*, about a boy sharing French and Russian cultures. It was the first time the Goncourt jury had given the prize to a previously rewarded work. *Reuters*

Naked ambition

Athens — Dimitra Liani-Papandrou, 40, Greece's controversial "First Lady", strode confidently into a meeting of the ruling Socialists in the Athens parliament despite publication of a new naked picture and harsh comments about her political ambitions. She makes a point of accompanying her husband, Prime Minister Andreas Papandrou, 76, everywhere. *Reuters*

Basque protest

Paris — Eighty-one people went on trial in Paris suspected of collaborating with Basque ETA separatists as about 30 people demonstrated outside the court. The protesters, who say the accused were providing legal asylum and accuse France of staging a political trial, chanted slogans under a banner saying, "No to the trial against solidarity". *Reuters*

Chinese whispers get a stormy broadcast in Hong Kong

STEPHEN VINES
Hong Kong

Chief Justice Sir Ti Liang Yang thought his secret was safe when he told a senior Chinese official that the Bill of Rights, the centrepiece of the government's civil rights programme, undermined the legal system. However, the official decided to go public on what he heard.

Like many in the colonial ad-

ministration, Sir Ti Liang has been doing his best to get to know the new masters. He has been so successful that many believe he has emerged as a leading contender for Chief Executive of the Hong Kong government when China resumes sovereignty in 1997.

However, the studiously non-controversial Chief Justice appears to have underestimated just how difficult it is to ride two

horses. The Chinese horse is quite prepared to trot along until it hits an obstacle; then it does what needs to be done to get round it even if this means throwing the rider.

Sir Ti Liang was thrown by Zhang Jingsheng, the ever-smiling chief spokesman and vice-director of the New China News Agency in Hong Kong, which serves as Peking's *de facto* embassy. Mr Zhang is also spear-

heading the drive to get the Bill of Rights watered down.

Local opposition to watering down the Bill is strong and when the Chief Justice gave the smallest hint of criticism of China's position, saying that maybe the new government could make a decision on the Bill, rather than rushing into hasty action.

Mr Zhang showed no compunction in disclosing a conversation with Sir Ti Liang.

The Chief Justice said if he had known his views "would be unveiled in public, I would have chosen my words more carefully and done some research before making them".

He did not, however, deny making the remarks and confined any reservations he had about criticising the policies of his current bosses by saying: "In future, I'll not talk too much, even to my friends".

Yesterday the Chief Justice went to a meeting with Mrs Anson Chan, the Chief Secretary, which she described as a routine discussion. He then promised to put down on paper his views about the Bill of Rights.

The Governor, Chris Patten, has decided to say nothing. The feeling in government circles is that Sir Ti Liang has dug himself in a hole and that he will have to extricate himself.

Meanwhile, another High Court judge, Benjamin Liu, told the Peking-controlled *Ren Wei Po* newspaper that China was only being practical in wanting to curb the Bill of Rights. Other civil servants may well join Sir Ti Liang in telling Chinese officials about misgivings over aspects of policy which China does not like. However, they do not expect these views to reach the public domain.

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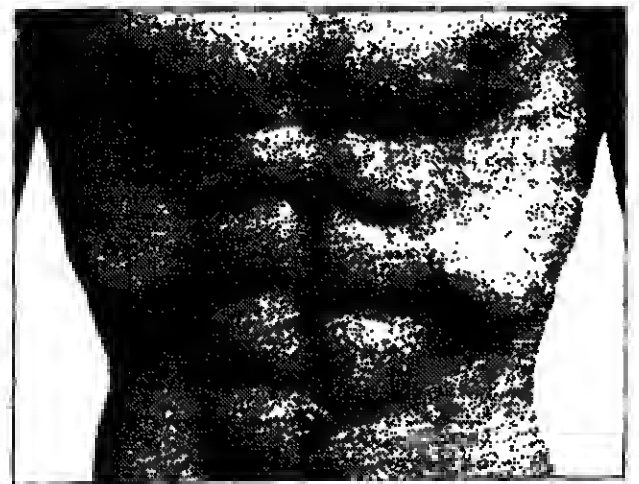
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Assassination inquiry: How secret service failed to follow up information on plot to kill Rabin

Shin Bet fights to save its skin

PATRICK COCKBURN
Jerusalem

"Look at that cool little Yemenite: small hut a bastard. He plans to shoot Rabin."

Shimon Halevy, a 25-year-old student and army reservist, claimed that he heard this fragment of conversation in a lavatory in the washroom of Tel Aviv Central Bus Station just after midnight on 25 June this year.

Mr Halevy heard a second man, not realising he was being overheard, ask if the Yemeni had obtained a pistol. He was told by his companion that he had the gun and had also been twice to the synagogue to confess. The two men then discussed the likelihood of the assassination being successful.

Later the same day Mr Halevy, who was working as a reservist in the Central Command of the Israeli army, told his commanding officer about a plan to murder the prime minister. He was then interrogated by the Jerusalem police, to whom he told the same story.

His police interrogator noted that he was "a serious individual... He is a student and intelligent." He was only questioned once and the police and the Shin Bet security service failed to find the small religious Israeli of Yemeni extraction who was planning to kill Yitzhak Rabin with a pistol.

Imagine the horror in the Shin Bet, responsible for guarding Rabin, on the night of 4 November when they realised that a person answering exactly to the description given by Mr Halevy four months earlier had just killed the prime minister.

Not only had the 20 Shin Bet guards let Yigal Amir fire his pistol 16 inches from Rabin's chest but the intelligence agency had failed to follow up the accurate information given to them about the assassination plot.

Mr Halevy was immediately arrested and repeated that he knew about Mr Amir's plans but his explanation of how he knew about them changed drastically. He had first got to know Mr Amir two years ago at Bar-Ilan

University law school. Mildly left-wing himself, Mr Halevy had a girlfriend who was an activist in a right-wing student group at Bar-Ilan and it was she who told him about Mr Amir and his plans.

He made up the story about hearing the information at the bus station - and concealed the name of Mr Amir - in order to protect her.

All this information is known because the Shin Bet is desperately trying to defend itself against accusations of gross negligence.

At the end of last week the *Yedioth Aharnoth* newspaper published a report that the Shin Bet had received a detailed warning ahead of the assassination but had chosen to ignore it.

On Sunday morning the head of the organisation took the unprecedented decision to send a fax to Israeli army radio giving the Shin Bet's version of events, including the original police report of its interrogation of Mr Halevy on 25 June.

The aim is to show that the Shin Bet did not have the name of the potential assassin, but the explanation may not get them off the hook.

Mr Halevy was interrogated only once. If he had reported a similar conversation among Palestinians in east Jerusalem bus station would the Shin Bet have shown so little interest? Shin Bet officials will find it difficult to escape the suggestion that if they had asked a few more questions, Mr Halevy might have disclosed the identity of the potential assassin.

Like the FBI under J Edgar Hoover, the Shin Bet has always had a talent for self-promotion but over the last year it has been hit by a series of scandals.

In April this year Abdel Samed Hrizat, a Hamas suspect from Hebron, was beaten to death when under interrogation by Shin Bet agents in his cell in Jerusalem. In another scandal an associate of Aryeh Deri, Israeli political kingmaker and former interior minister, who is on trial for corruption, said he knew all about police tapping of his phone through friends in the



Showing the flag: Palestinian policemen being feted on arrival in Jenin after the Israelis left

Photograph: AP

Shin Bet. Former Shin Bet officers were also heavily involved in the hugging of 200 media, business and political figures by an Israeli newspaper earlier this year.

In Israel the shock of the assassination of Rabin overshadowed the pull-out of Israeli forces from the northern West Bank town of Jenin early yesterday. After 28 years of occu-

pation, Palestinians danced and shouted "God is Great" as the last 15 Israeli jeeps drove out of the military headquarters under PLO escort. Hundreds of Palestinians, some firing guns and others on horseback, rushed in to replace them.

It was the first transfer of a West Bank city since Rabin and Yasser Arafat, the Palestine Liberation Organisation chair-

man, signed a deal in Washington on 28 September to expand Palestinian self-rule. Residents of Jenin, which has 40,000 people, joined hands and danced in the courtyard of the military headquarters.

About 550 Palestinian policemen arrived during the day from Jericho, the only town on the West Bank to get autonomy last year.

Bomb strikes at Saudi ruler and Western backers

MICHAEL SHERIDAN
Diplomatic Editor

At 10.20am yesterday a foreign banker in Riyadh felt a sudden change in air pressure and a tremor "like an earthquake" rocked his steel and glass office as a car bomb exploded outside a US-run training centre for the Saudi National Guard.

According to diplomats in Riyadh, about 150lbs of explosives were packed inside a Chevrolet van in the car park outside the innocuously named "Office of Programme Management". Five Americans and one Filipino were killed in the attack, the first known terrorist action in Saudi Arabia since 1991. More than 60 people were injured, 30 of them Americans.

So precise was the targeting and so symbolic the target that the bombing was clearly devised to send a dramatic signal both to the Saudi royal family and to the Western allies.

The "Office of Programme Management" was a three-storey building where US military and civilian personnel were employed to train members of the 57,000-strong National Guard in internal security and the use of weapons and technology systems bought from the United States. The National Guard is commanded by Crown Prince Abdullah bin Abdul Aziz, the next in line to King Fahd.

With one blow the bombers thus struck at the organisation charged with maintaining the royal family in power and also at its foreign supporters. Their action highlighted the semi-covert and vastly expensive operations which bind the Saudi system and its Western allies together. The kingdom is the world's leading oil producer and has spent an estimated \$76bn (£49bn) on arms since 1987. Its defence procurement policy is closely tied to British interests through the controversial £20bn oil-for-arms Al-Yamamah deal.

The alliance between the royal family and the West draws bitter criticism from radical Muslims in Saudi Arabia itself. It is also the object of repeated denunciation by Iraq and Iran, which both abhor the increased Western military presence in the area since the 1991 Gulf war.

There are about 5,000 Western troops in the Gulf and at least 8,000 US Marines and sailors board 26 ships.

But the Saudi ambassador in London, Dr Ghazi Alayash, was quite correct to say yesterday that this was "an isolated incident", for the Saudi intelligence services have managed to maintain a high level of security despite repeated threats against Western interests.

Two little-known groups have issued specific threats against Western forces in the kingdom. Earlier this year the so-called "Movement for Islamic Change in the Arabian peninsula" issued leaflets demanding that foreign troops should leave the area by 28 June. Yesterday a caller who said he spoke for the "Tigers of the Gulf" claimed responsibility for the blast.

Whatever the *nom de guerre*, there is little doubt that tightly-knit groups of extremists exist within the kingdom who are dedicated to purging it of Western influence. The royal family will almost certainly choose to blame external enemies for the bombing.

But the fact is that Saudi Arabia contains quite enough zealous individuals - opposed to the kingdom's existing policies and motivated by a detestation of the West - to organise and carry out a terrorist campaign. Many are the so-called "Afghanis", religiously-inspired young men who went to fight Communism in Afghanistan and received training in arms and explosives from the CIA and other Western intelligence services.

These talents are now available to be harnessed to the moods of boredom, resentment and frustration which some young Saudis harbour towards the ruling system. In London, a spokesman for the opposition Committee for the Defence of Legitimate Rights claimed yesterday that "there are very well trained young men who have weapons and they are not controlled by government security".

The presence of the CDLR in London has drawn complaints from the Saudi government but it has confined its activities to propaganda denouncing the royal family for corrupt and irreligious behaviour.



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Guatemala elections: Presidential candidates face a second round



Wait for change: Voters queuing at San Andres Itzapa. Most of Guatemala's Indians stayed at home, however

Ex-dictator's 'puppet' has hope of power

PHIL DAVISON
Guatemala City

Guatemala may have to hold a run-off presidential election on 7 January despite Sunday's clear-cut victory by Alvaro Arzu, a 49-year-old travel agent and conservative former foreign minister.

Mr Arzu, candidate of the National Advancement Party (PAN), was far ahead of Alfonso Portillo of the Guatemalan Republican Front (FRG), the party run by the former military dictator General Efraín Ríos Montt. But the winner was likely to fall short of the 50 per



Arzu: 'He's a preacher who has hasn't been converted,' said one voter

cent necessary to avoid a two-man run-off in January.

As supporters of the 17 eliminated candidates shift allegiance, Mr Portillo, considered something of a puppet of General Ríos Montt, could move ahead leaving the former "scorched earth" dictator as the power behind the throne.

The newly-formed social democratic New Guatemala Democratic Front, with a solid Mayan Indian base, was a distant third in Sunday's vote. It

was the first time the Left had participated in elections since the return to democracy in 1985.

But as always in Guatemala's recent democratic history, most of the country's Indians - 60 per cent of the population - stayed home and the overall turn-out looked like being below 50 per cent.

Many Guatemalans who abstained recalled what had happened to the last man they elected, Jorge Serrano, elected in 1990, dissolved Congress in 1993 and tried unsuccessfully to seize dictatorial powers. Ramiro de León Carpio, then the country's human rights ombudsman, was named by Congress to finish the presidential term.

Individual issues were barely a factor. For illiterate Indians, the vote came down to personalities, all of whom largely promised the same - an end to impunity for criminals, an end to discrimination against Indians, peace with the guerrillas and righting the inequality between the wealthy *ladino* (white) elite and the 80 per cent who live below the poverty line.

All parties used simple symbols on their ballot slips. One candidate, a wealthy landowner known as "the man in the hat", used a symbol of a sombrero. Another used a rubbish lorry, symbol of how he planned to clean up the streets. Even many illiterate people could recognise the acronym PAN as the most important word in their vocabulary - "bread".

"It's all a show. Nothing will change under Arzu," Juan Hernández, a 43-year-old Kachiquel Indian, told me in the town of Chimaltenango.

"He's a preacher who hasn't been converted. *Los poderosos* [the powerful ones] only like us during campaign time, then they ignore us again. They say we Indians do not have the preparation to govern but they won't let us govern. It's just like South Africa."

Clinton threatens to shut government

RUPERT CORNWELL
Washington

President Bill Clinton yesterday raised the stakes further in the great budget war with Congress by vetoing a bill that would have raised the US Treasury's debt ceiling, and vowing the same fate for another - a rejection that would virtually ensure a partial government shutdown today.

In a Churchillian speech to the centrist Democratic Leadership Council, the President declared war on the Republican plan to balance the budget in seven years, promising to "fight it today, fight it tomorrow, fight it next week and next month". He supported a balanced budget, but not one "that robs the American Dream from millions of Americans."

As he spoke, the Senate was winding up the debate on the second bill, permitting the government to continue spending for a further month, despite Congress's failure to send the President a budget for the 1995/96 fiscal year, which started last 1 October. Like the debt-

ceiling measure, it has conditions Mr Clinton yesterday again deemed unacceptable.

Assuming a veto, the government's spending authority would run out at midnight last night, and this morning 800,000 federal employees in non-essential parts of government would be sent home without pay. Air traffic control, the mail and the military would continue. Federal museums and monuments would close, as would offices for first-time passport, social security and veterans' benefits applicants.

A partial government shutdown is almost routine. Feuding over the budget has led to nine brief closures since 1980. Most recently in 1990, when George Bush had to break his "no new taxes" pledge, possibly costing himself re-election two years later in the process.

This time, the rhetoric is even more heated and the political stakes, arguably, even higher. At one level, the posturing is a game of bluff, whose object is to push the blame on to the other side, ahead of a settlement that sooner or later

must come. But great ambitions and careers, even the 1996 presidential contest, could depend upon the outcome.

For Mr Clinton, the confrontation is a last opportunity to depict himself as a man who can stand up to pressure, a lone voice of reason holding back Newt Gingrich, the Speaker, and his ruthless Republicans, bent on taking from the poor to line the pockets of the rich.

Hence the President's impending veto of the temporary spending bill, on the grounds that the Republicans have attached to it increases in premiums on Medicare, the federal health scheme for the elderly. The Republicans' goal is to show that they mean to balance the budget and keep the promise that helped them win control of Congress in 1994. In dispute are two different visions of government's role, an argument that will underlie next year's presidential campaign. Right now, it is an argument Mr Clinton is winning in the opinion polls, even if the result in the country may be a new surge of contempt for politicians.

Meanwhile, Robert Rubin, the Treasury Secretary, announced moves to prevent a default that might otherwise have come as early as tomorrow or Thursday, when \$102bn (£65bn) of scheduled debt interest and principal payment would have sent the government through its current \$4.9 trillion debt ceiling.

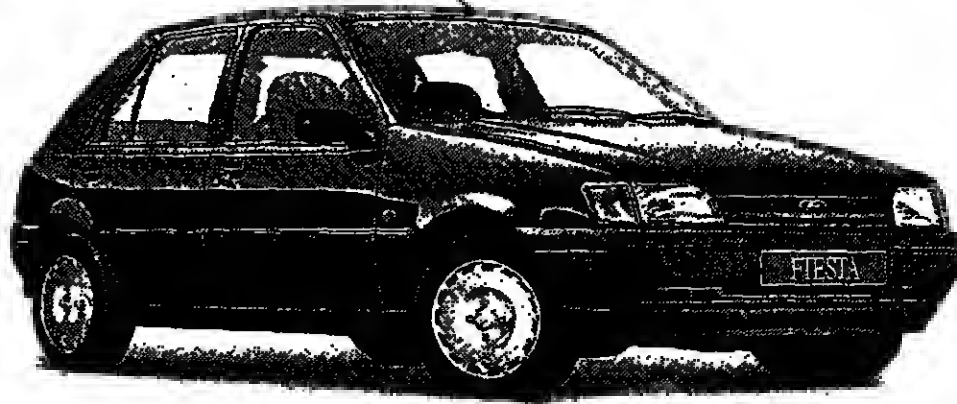
Instead, Mr Rubin plans to find the money by borrowing from two government-run pension funds to meet the government's obligations to its creditors. In this way, economists say he could stave off default for weeks, or even months. That realisation sent bonds and the dollar higher, but shares fell on the mounting political uncertainty.

Later this week, a third presidential veto is all but certain when Congress sends Mr Clinton the omnibus "reconciliation" bill containing the blueprint of a balanced budget by 2002.

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international

Paris snub deepens Nato leadership crisis

SARAH HELM
Bonn
CHRISTOPHER BELLAMY
Defence Correspondent

Nato's desperate search for a new secretary-general was looking even more frantic yesterday as the alliance plans for its biggest military operation yet, the peace-implementation force in the former Yugoslavia.

France snubbed the only current declared candidate, the former Danish foreign minister,

Uffe Ellemann-Jensen, in a gesture of thinly-disguised contempt, while the US and Germany put new pressure on Douglas Hurd, the former foreign secretary, to enter the ring. The French yesterday banned reporters from covering the Danish candidate's meeting with the French Foreign Minister, Hervé de Charette, at the Quai d'Orsay. "We have never even spoken about Mr Ellemann-Jensen's candidacy," said a Foreign Ministry spokesman.

Last week President Chirac's spokeswoman, Catherine Colonna, used a similarly dismissive turn of phrase. "We have no definite opinion of him," she said. Mr Ellemann-Jensen does not live up to one of the three French criteria for a new secretary-general: he does not speak French. The other two are that the candidate should support Nato enlargement and closer integration of Nato with the European Union through the Western European Union

(WEU). France would have liked the former Dutch prime minister, Ruud Lubbers, but the US vetoed his candidacy last week. That decision had more to do with offence at the effrontery of the European failure to consult them sufficiently than with the quality of Mr Lubbers as a candidate.

Warren Christopher, the US Secretary of State, is understood to have obtained backing from Helmut Kohl, the German Chancellor, for a Hurd bid.

However, the allies have not obtained the backing of the prospective candidate himself, who remains adamant that he is not interested in the Nato job. Washington has already tried to get Mr Hurd to change his mind but close advisers of the former foreign secretary said yesterday that he still had no intention of doing so.

The crisis following the resignation of the Belgian secretary-general, Willy Claes, over a financial scandal is the most

important issue being discussed in the margins of the WEU ministerial meeting in Madrid which began yesterday. Britain's Secretary of State for Defence, Michael Portillo, attended a meeting of the 13-nation West European Armaments Group. The main WEU meeting, between the foreign ministers of the 10 full WEU members, plus eight observers and associate members, takes place today. This afternoon they will be joined by ministers

from the nine "associate partners" from Eastern Europe. The meeting is the last before Britain takes over the presidency of the WEU at the end of the year. The main topics are Britain's presidency and the treatment of defence issues at next year's EU Inter-Governmental Conference.

Britain continues to press for the WEU to be the main forum for European defence co-operation in the field of crisis management, humanitarian aid

and disaster relief, and intends to stress this throughout its presidency. Any more weight military problem is likely to bring in the non-European members of Nato - the US and Canada.

The British position carries reinforced partnership between an autonomous WEU and the EU, which might include joint task forces of limited duration. But any usurpation of the WEU's defence function by the EU is strongly opposed.

Croats indicted for war crimes

The Hague (AP) — The Yugoslav war crimes tribunal yesterday announced the indictment of six Bosnian Croat leaders accused of wiping out a Muslim community in central Bosnia. However, UN officials in Sarajevo said they will continue to co-operate with those indicted.

The crimes the six are accused of were carried out on "such a wide scale and widespread basis, and implemented in such a systematic fashion that they have effectively destroyed or removed almost the entire Muslim civilian population in the Lasva Valley" in central Bosnia between May 1992 and May 1993, according to tribunal papers.

Dario Kordic, chairman of the Croatian Democratic Union in Croat-held Bosnia, and Tihofil Blaskic, chief of staff of the Croatian Defence Council (HVO) in Bosnia, were charged with crimes against humanity and war crimes. The Croatian Democratic Union is the sister party of Croatia's ruling Democratic Union of President Franjo Tudjman.

Mr Blaskic and Mr Kordic were accused of responsibility for the actions of units who destroyed at least 14 towns in the Lasva River Valley, including the notorious Ahmici Massacre on 16 April, 1993, when HVO troops stormed into the village

of Ahmici firing automatic weapons, shot down an estimated 120 people and burned their homes.

The indictments attracted criticism from a senior Bosnian Croat official. Jozo Lutar, Deputy Interior Minister of both the Bosnian Muslim-Croat federation and the self-styled Bosnian Croat state, said that both sides committed mistakes during the Croat-Muslim conflict but that they should now stick together and gather data for federal authorities.

"I think that somebody's up to slowing down or even stopping the functioning of the federation," Mr Lutar said. "We cannot allow that our leaders be in the papers mentioned in such contexts while we know that they have contributed to the creation of the federation." Mr Lutar said the tribunal should concentrate on crimes committed by Serbs.

Washington — The US Secretary of State, Warren Christopher, will join the Bosnia peace talks in Ohio today but his intervention is unlikely to result in an early comprehensive Balkan settlement, his spokesman said. "It is extremely unlikely, if not highly improbable, that there will be a comprehensive peace agreement reached tomorrow," said the State Department spokesman, Nicholas Burns.



President on parade: The French leader, Jacques Chirac, reviewing troops at the end of an award ceremony at the Invalides in Paris

Photograph: Philippe Vojazar/Reuters

Juppé tries to head off social security clash

MARY DEJEVSKY
Paris

The ferocious argument about the future of France's health and social security system entered its final stage yesterday with the opening of a two-day debate in the National Assembly by the prime minister, Alain Juppé. The debate, expected to be acrimonious, with deep divisions on the right as well as between right and left, is intended to pave the way for Mr Juppé to present his proposed re-

forms tomorrow, when they will be made the subject of a vote of confidence.

With the prospect of widespread public sector strikes looming today, Mr Juppé was clearly concerned not to be accused of making "cuts" for their own sake and insisted that the crisis facing the social security system — popularly known as the *Sécu* — was not just financial. It lay, he said, in the inability of the system to combat "the two great plagues that threaten our society: unem-

ployment and deprivation". Swelling costs, especially of the health service, and stagnating revenue, however, are at the root of the problem. The *Sécu's* annual deficit increased from 10bn to 60bn francs between 1990 and 1993, and its debt for this year is expected to reach Fr64bn (£8.4bn).

Mr Juppé said yesterday that France spends 25 per cent per head more on health care than Germany and 60 per cent more than Britain, and tops the European league — without having

markedly better life-expectancy or perinatal mortality rates than anyone else. He also noted that the cost of operations could vary by 50 per cent from one region to another.

Soon after taking office, Mr Juppé said that he intended to bring the *Sécu* back into balance on its current account within two years. But its accumulated debt stands at between Fr120bn and Fr230bn. The task became more urgent two weeks ago after President Chirac, with the franc under acute international

pressure, went on television to say that his absolute priority was reducing the Fr320bn domestic budget deficit. Although the *Sécu* is run separately from the state budget and funded almost entirely by workers' and employers' contributions, its debts have to be serviced by the state.

The problem represented by the system has been recognised by successive recent French governments, but the search for a solution raises similar passions and prejudices as in Britain. The

difference, especially on the right, is whether revenue should be increased or spending cut. Mr Juppé is believed to favour the introduction of a "temporary" contribution to be paid by workers and employers to eliminate the *Sécu's* debt. The taxation of family allowances appears to have been ruled out, but this and other family benefits could be frozen. Edouard Balladur, the former premier, has warned strongly against increasing tax and contributions.

Fast-growing Greens revive German left's hopes of power

IMRE KARACS
Bonn

Germany's demoralised left is about to get a wake-up call. As Chancellor Helmut Kohl basks in Buddha-like serenity, his Social Democrat opponents will be aimlessly zig-zagging their way through a bleak political landscape and hurling abuse at one another at their annual party congress this week.

If the congress runs according to script, the SPD will reluctantly re-elect its bumbling leader, Rudolf Scharping, and plunge deeper in the opinion polls. The task of catching up with the Christian Democrats,

already 12 points ahead in the polls, will seem forlorn.

But despite the SPD's shambolic state, left-wing sympathisers have not given up hope of returning to power, this time on the coat-tails of the reincarnated Greens. For while the Social Democrats have wallowed in self-pity, the Greens have been scooping up votes in regional elections and rising in the national polls. Once the laughing stock of the political scene, Petra Kelly's heirs have grown up and now claim to be preparing for government.

Since last year's general elections, when they returned to the Bundestag with 49 MPs, after

As the SPD stumbles, revamped environmentalists have emerged as the driving force in a radical coalition challenging Chancellor Kohl

four years in the wilderness, the Greens have increased their presence in regional assemblies. Struggling to clear the 5 per cent threshold for seats in their first years of existence, their score now regularly runs into double figures. In last month's elections to the Berlin assembly, they captured more than 14 per cent of the vote. The Greens are part of the governing coalition in three federal states, and have high hopes of gaining administrative experience in a few more next year.

Among university students, an older age group than in Britain, Greens have become the party of first choice. According to a recent poll by *Die Zeit*, the SPD, which 20 years ago enjoyed 45 per cent support, now gets only 18 per cent of the campus vote. The Greens have 35 per cent.

Ludger Volmer, a Green MP, said: "A lot of natural SPD supporters are coming to us at the moment." His party knows all about the electoral consequences of domestic rows. Five

years ago the Greens were turfed out of the federal parliament after a period of warfare between "Fundis", the fundamentalist wing which wanted permanent revolution, and the "Realos", the advocates of voter-friendly *realpolitik*.

The rout of 1990 allowed the Greens to regroup. The "Fundis" returned to their communes, and the "Realos" set about moulding a softer image. Even their opposition to the deployment of German troops abroad has been tempered by

events in former Yugoslavia, notably the rape of Srebrenica.

"Zero growth", the economic orthodoxy of yesteryear, has become today's heresy. "We don't say we want zero growth, but we say growth must not be the guiding principle of the economy," explains Mr Volmer, spokesman of the rump left wing in the party.

Green membership is soaring, up by 10 per cent last year, but at 44,000 is not enough to compete with their bigger rivals. "We have problems at the local

level, because we have been so successful at elections," Mr Volmer said. "Our activists get elected, so there is no one left to work the streets."

The "streets" are important to a movement that must stay close to its roots to survive. Despite their more mature posture, the Greens have not lost a sense of fun, or their earnest fanaticism about ecology, minorities and women. Other parties have encroached on these issues, but only the Greens carry conviction with the voters.

This could change if the party gets into national government. From the Green point of view, that would require the

SPD doing better than at present, but not too well. Mr Volmer rejects the option of forming a coalition with Mr Kohl's party as "absolutely impossible". "We hope the SPD is stabilised, because they are part of our Red-Green coalition project," he says.

The mathematics of a Red-Green victory in the general elections in 1998 are complex. The Social Democrats must take votes on the right from a popular Chancellor, and leave the left flank unguarded. The odds are stacked against such a scenario, but the Greens have overcome bigger odds in the past. The rest is up to the SPD.

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Should Shell bring the Nigerian government to heel? Can consumers force the company to act? Yvette Cooper reports

Can the people move an oil giant?

Shell's public relations team must be tearing their hair out. Just when the Brent Spar had finally dropped out of the headlines, up comes Nigeria, and Shell is in the firing line once more. Earlier this year Greenpeace brought Shell to its knees over the disposal of an oil storage buoy in the Atlantic. And the execution of nine minority rights activists in Nigeria last week provoked allegations that Shell, the biggest multinational in the country, had supported a brutal military regime.

These are trying times for multinational companies. They are expected to operate according to the highest environmental and ethical standards no matter where in the world they are based. And, suddenly, they are being called upon to intervene and make judgements on the local politics of the countries in which they work. Last week, Anita Roddick wrote in a letter to the *Financial Times* that Shell should condemn the execution of the activist Ken Saro-Wiwa. "What power can stop it?", wrote Ms Roddick. "Shell can stop it."

Of course, Shell could never be a Body Shop. Oil and natural resource companies are not like traders. They cannot make and break contracts at

Oil companies' power peaks when revenue from natural resources becomes the regime's only remaining support

the drop of an executioner's axe. Energy projects can take years to plan and years to complete, and it can be decades before you get a return on your investment. Short-term political demonstrations are simply not an option.

But alongside the limits on their freedom to manoeuvre, oil companies also have greater power and greater responsibility. Their power peaks precisely when a government and an economy are in trouble – and the revenue from natural resources becomes the only remaining support for the regime. Right now, the oil revenues from operations by Shell, Elf, Agip and other oil multinationals are helping the Nigerian military government to survive.

At the same time, oil companies are often more deeply involved with dubious governments than other kinds of companies ever need to be. As their work involves extracting and exploiting a country's natural resources, they are inevitably drawn into joint ventures with government. Shell works closely alongside Elf and Agip in joint ventures with the government-owned Nigerian National Petroleum Corporation

(NNPC). These international companies are also inevitably affected by the Nigerian government's failure to implement proper environmental standards, and by its inability to broker a compromise between oil interests and local farmers who are so disrupted by exploration.

In Nigeria, opposition to the government and opposition to Shell have become intertwined. Ken Saro-Wiwa called on Shell to pay \$10bn compensation to the Ogoni people for alleged environmental damage to their homeland. Given that Shell's actions were central to Saro-Wiwa's protests, the company was bound to come under pressure to condemn his executioners.

Two questions arise out of this

crisis for Shell in Nigeria. First, how much should we expect multinationals to do in the cause of human rights? Second, are consumers strong enough and sufficiently determined to make them act ethically?

Clearly, big companies have a responsibility to avoid being party to corrupt deals or violent and oppressive government action. Where a national government is unable or unwilling to implement adequate environmental standards, it is wrong for a multinational to take advantage of the situation and blithely pollute the country.

That said, it is often difficult to know how effective businesses can be when they intervene in politics and human rights. Although outright

sanctions and disinvestment were effective in South Africa's case, a few public condemnations from Shell about the Nigerian dictatorship might not make much difference to the military government's belligerent behaviour.

These ethical dilemmas may be taken out of Shell's hands. If international governments decide to impose an oil embargo, then Shell has no choice but to get out of Nigeria. Meanwhile, Shell and others will be weighing up how their losses in the outraged Western consumer markets balance against their continued prof-

its in Nigeria. In a global market with an international media and international pressure groups to publicise misdemeanours, the way a company behaves in one market is vulnerable to consumer boycotts in another.

The phenomenon of ethical consumption has been growing for years. It dates back to the student boycotts of Barclays because of the bank's links with apartheid, campaigns against Nestlé over baby milk formulae, and the legal battle for compensation in thalidomide cases. According to recent research by the Co-operative Wholesale Society, three out of five consumers say they are prepared to boycott firms or stores over their ethical standards. At the same time, ethical investors

are flexing their muscles across British industry. Pirc, a corporate governance consultancy launched in 1986, advises on ethical investments and has clients worth more than £70bn. Instead of telling investors to get out of certain distasteful companies, it encourages them to buy shares and change the companies' policies.

It took 20 years of campaigning to get Barclays out of South Africa. Yet it took only months of protest from Greenpeace to get Shell to back down on the Brent Spar. The next few months will reveal whether the latest outcry against Shell is little more than noise. It may be that consumers really have become an irresistible force.

The Ogoni operation

Shell, the world's largest oil company, has been caught up in a maelstrom of protests after the execution at the weekend of the Nigerian writer Ken Saro-Wiwa and eight fellow political activists.

The political impasse posed by Nigeria's military government represents a public relations nightmare for Shell, which is accused by environmentalists of having polluted the Ogoni region. The executed men had been campaigning for a greater share of oil revenue from the government, political self-determination and ownership of the oil beneath the land.

In some countries, notably Germany, protesters have accused the Anglo-Dutch conglomerate of being partly guilty for the executions because of its close involvement with Nigeria's military regime. Demonstrations in this country have closed a number of Shell petrol stations.

The Shell Development Company of Nigeria, a unit of the Royal Dutch Shell Group, has been involved in Nigeria for almost 60 years and, if its recent statements are to be believed, it will continue to produce oil in Africa's most populous country for decades to come.

Oil revenues provide about 90 per cent of Nigeria's foreign exchange earnings and some 80 per cent of the federal government's total revenue. Shell's production of about 300,000 barrels of oil each day represents 14 per cent of its worldwide production of crude oil. The company produces about half of Nigeria's oil in partnership with the government and with Agip of Italy and Elf of France. Shell has said it is still interested in going ahead with a £2.7bn gas investment project. The company is due to make a decision before the end of the year about whether or not to proceed. The Prime Minister, John Major, says he wants to talk to Shell about its plans.

Analysts say Shell's operations in Nigeria are not very profitable in global terms. It is believed that Shell is making about \$1m per day there. This might sound like a fortune but in oil terms it is considered modest. Last year Shell made a net profit of nearly £4bn; that is the equivalent of about £11m per day.

The company is committed to returning to the Ogoni region but only if it can do so peacefully. It stopped operating in the area in January 1993, having endured threats, intimidation and physical violence against local staff.

Shell accepts that its operations in Ogoniland have caused some environmental problems but, in the words of a company spokesman, "these do not add up to devastation".

Shell is funding a \$4.5m environmental study of the Ogoni region in an effort to determine the extent to which the company is responsible for damage to the land. The study will be conducted by a group of international consultants and is due to start next year. **David Orr**



Shell's great dilemmas

Diary

DAVID LISTER

Even for a master of the art of public relations, this assignment is a toughie. The government of Nigeria is looking for a PR company that will help improve its image in Britain, and advise on the transition to democracy. And not any old PR company. The Nigerian High Commissioner has approached Sir Tim Bell, former adviser to Margaret Thatcher and the man famously responsible for the David Mellor and family photocall.

A photocall that would present General Sani Abacha and his military junta in a favourable light was too daunting a prospect even for a man of Sir Tim's talents. He tells me that his agency, Lowe Bell, has turned down the High Commissioner's request. "We advise on general elections all over the place, but we felt unable to represent the Nigerian government," he said. An outbreak of scruples in public relations, or a recognition that some clients have too big an image problem? I leave you to judge.

David Hockney's best piece of performance art for years – his hour-long press conference at the Royal Academy where he held up a reproduction of a semi-naked child and dared Scotland Yard to come and arrest him – will have a follow-up performance. I gather.

Hockney's anger over the arrests of Julia Somerville and Jeremy Dixon for taking photographs of her daughter naked in the bath has provoked the increasingly shy, increasingly reclusive and increasingly deaf artist to ask for a public platform to challenge Parliament, Scotland Yard and Boots the Chemist. He intends to give a public lecture at the



Arrest that man!

Royal Academy in the new year calling on Parliament to change the laws covering photography. It will be one of the first times that the Royal Academy has taken a political stand on art since Sir Joshua Reynolds was asked to advise Parliament about pictures in the 18th century.

It is unlikely though that Hockney would want a similar role for himself. He remains attached to life in the Hollywood hills, and so hates the bustle of London that when flying to see his 95-year-old mum in Bridlington, he flies from LA to Amsterdam and then back to Humberside airport to avoid having to set foot in the metropolis or its airports.

I worry that I am a jinx on the English National Opera. A dozen or so years ago I attended a performance of *Rigoletto* in which the chap playing the title role lost his voice mid-way and an Italian baritone was found who stood on the stage singing the role in Italian while the rest of the cast acted and sang around him in English. Surreal stuff.

But not as surreal as last Friday night when Louise Winter, playing Carmen in Jonathan Miller's ENO production, lost her voice after the second act and a former Carmen, Sally Burgess, was spied in the audience and persuaded to come on stage and sing the part. This she did, in French –

she has just played the part at the Met in New York, while Miss Winter remained on stage to provide the action, and mine to English words that weren't being sung. It reminded me of a vintage *Top Of The Pops*.

A shamefully unscientific and mercenary side of me wondered what it takes to cajole an off-duty diva on a night out with bubbly, and in casual clothes, to come on stage for the last act and take part in a production she has never seen in front of 2,600 people. A world tour with Pavarotti? A contract to sing at the next royal wedding? £500? I'm happy to say that the latter at least is more or less what Miss Burgess did get, a full performance fee for her one act of bravery. And well deserved, too.

My shoes are scuffed, my toes are bruised, I have a nosebleed and I am off to the dry cleaners. Fellow Britpop admirers will recognise me as an Oasis fan.

I attended the world's largest indoor concert, standing with 19,000 or so others in the arena at Earls Court. More accurately, I stood; the other 18,999 pogoed. This means that the entire audience jumps up and down on the spot, in most cases while holding pints of beer. The origin of this new listening aid is unclear, but it does demand great skills of balance, and some balletic prowess. Those attending Oasis gigs later this month should be warned that Britpop fans do not possess this agility. And attending a pop concert now is only slightly less dangerous than when Rolling Stones gigs were patrolled by the Hell's Angels.

If you can't join them, upstage them. Norman Lamont will not have much chance of standing in the front row to listen to the Queen's Speech tomorrow, so he has decided to make regal-sounding pronouncements himself. He will launch his book, *Sovereign Britain*, a titillating title which is actually a collection of speeches and articles with a Union Flag design on the front. To imagine that it might overshadow the other news event of the day takes, shall we say, admirable self-confidence.

Here is a question for all GCSE and A-level students. What is a Honeywagon? This imagination-bogging vehicle was used on the set of the new James Bond film, *Goldeneye*. A BBC schools programme looks at the making of the Bond film, and an appendix in the study guide lists the facilities needed for the production unit. Among these is "1 x Honeywagon ready on location at 06.30". Is this where Pierce Brosnan and his female co-stars get to know each other before a day's shooting, or is it perhaps a leftover prop from the last *Winnie The Pooh* film? Well, in a way. It is, says United International Pictures, the portable loo. It's good to know that even the mobile toilet staff on the set are infected by the Bond glamour ethos.

Eric Clapton was in melancholic mood as he received the special merit award at the Q magazine awards last week. He arrived hotfoot from receiving his OBE from the Queen to find he had won one of the top rock prizes.

But as he received it, he mused, stony-faced, about magazines in general. "I don't like reading magazines," he affirmed in an anguished rumble. "They make me feel 'less than', make me feel I have to compete." If a man who had just come from Buckingham Palace and whose fans nickname him God has an inferiority complex, what hope is there for the rest of us?



Even 'God' feels small

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The CBI's place in the middle

The Confederation of British Industry is wobbling precariously along a political fence, between the Tory government and what many businessmen privately acknowledge looks increasingly like a Labour administration in waiting. So far it has done well to prevent Tory businessmen, as well as politicians from either side, pushing it off, either to left or to right.

The CBI cannot afford to offend the government in power, not only because ministers still have their hands on the levers that matter but also because an influential body of members quite clearly wants its organisation to take sides, by acknowledging that business's real friends are the Tories. Politically committed members will regard neutrality as next to treachery. As the election approaches, the pressure on the CBI to come out more clearly in favour of the Government will be enormous. Probably as a response to too many headlines last week about the CBI cosying up to the Opposition, Sir Bryan Nicholson, president of the CBI, went out of his way on Sunday to dismiss the idea of partnership with Labour, describing what is going on as just a dialogue.

But then dialogue is what this has been about all along, not phoney partnerships of the type Labour has claimed with BT. No sensible lobbying body with the interests of its members at heart can contemplate any other course than finding out what Labour policies are, and then do its best to influence them.

In speeches in Birmingham this week, the CBI has been throwing bricks at both sides. It is bitterly critical of the damage likely to be done to business by the Government's squabbling over Europe, wary of the Chancellor in case he gives away too

much in the Budget, and particularly concerned that he is relying on the Private Finance Initiative as a fig-leaf to cover cuts in public spending on infrastructure, which directly affects members' order books. Equally, the employers intensely dislike Labour's minimum wage and its intention to sign up to the European Social Charter: they are reassured by Tony Blair's comforting words on inflation and taxation policy and his backing for high rewards for success in business, which he took a step further yesterday, to resounding applause from the conference. But they wonder whether good intentions will survive the stresses and strains of government, and whether the small print of the policies, which Mr Blair skirts round, will reveal something scarier.

Throughout the Eighties the CBI was in the wilderness, partly because of the bare-knuckle fights promised at its 1981 conference, when recession was battering its members; equally, the Government's policy for industry was long centred on shifting the balance of power away from the unions. There was not much left for the CBI to lobby about. That has changed, both at the level of detailed policies for industry - Michael Heseltine reinvented the Department of Trade and Industry when he was there - and in the debates about government spending, taxation and Europe.

By occupying the middle ground - what is left of it now that Labour has moved closer to the centre - the CBI is in a position to influence events in a way it has not experienced since the days of beer, sandwiches and corporatism in the Seventies. It would be foolish indeed of the employers to come off the political fence and destroy that influence.

The agony of Ecstasy

The drug Ecstasy can kill those who take it. That much now seems to be beyond dispute. One moment on Saturday night, Leah Bett was enjoying her 18th birthday party; the next, she had collapsed into a coma. However infrequently such events take place, no one any longer can regard this as simply a "happy drug" with no ill-effects.

But what should be done about Ecstasy? It is a class "A" drug, bracketed with heroin and cocaine. Suppliers face jail and anyone caught using it can expect a criminal record. Many people, horrified by this most recent tragedy, will now call for a crackdown, including longer prison sentences.

This is an understandable response. But it is not the answer. Ecstasy is the biggest recreational drug to have hit Britain since cannabis. Thousands of young people take it to get the high-energy effect that is so well-suited to dance culture. Most people who use it do so with no apparent side-effects.

They are not much influenced by the pleadings of parents or teachers. Leah Bett's stepmother had warned her against taking drugs. As a nurse, Mrs Bett is aware of the possible dangers, as is her husband, a retired police inspector. And their daughter may well have been conscious of the risks she was running. She was studying chemistry, biology and psychology, and so was no stranger to the effects of pharmaceuticals.

This case demonstrates that Ecstasy

cannot be wished away. The authorities would catch a few people by raiding dance raves. But a clampdown would mean that the supply of Ecstasy would simply be driven further underground.

Such an outcome would only make matters worse, placing young people in even greater danger from unscrupulous dealers and the adulterated drugs they supply. Suppliers would continue selling tablets that are mixed with binding agents ranging from dog-worshipping drugs to aquarium cleaner.

Young people such as Leah Bett need to be protected. The way to do that is to understand what they are consuming and control its quality. Ecstasy must be brought within the law. That may mean making it a substance whose use is frowned upon, but not criminalised: like smoking or parking on double yellow lines.

Such an attitude would also make it easier to ensure that when people use Ecstasy they take it in safe circumstances as possible. Since heat stress and dehydration are important factors in a number of tragedies, clubs where people take Ecstasy would, for example, have to be properly ventilated and offer a plentiful supply of cold water.

This is the sensible, thoughtful approach to saving lives threatened by drugs. Few politicians seem willing to put such proposals forward. But if they really care about the dangers drug users like Leah Bett face, they should be courageous and speak out.

ANOTHER VIEW Dick van den Broek

Why Shell should stay put

In the great wave of understandable emotion that has swept the world over the death of Ken Saro-Wiwa, it is very easy for clear thinking to be swamped by anger and recriminations. Here are some facts.

First, did the "discreet diplomacy" of President Mandela and others fail? Perhaps we should ask instead whether the worldwide protests failed. Our experience suggests that this kind of diplomacy offered the best hope for Ken Saro-Wiwa. But as worldwide threats and protests increased, the Nigerian government position appeared to harden. As Wura Abiola, daughter of the imprisoned unofficial winner of the last Nigerian presidential election, said on *Newswatch*: "The regime does not react well to threats. I believe that this is the way of showing they will not listen to threats." Did the protesters understand the risk they were taking? Did the protest become more important than the purpose?

There have been charges of environmental devastation. But the facts of the situation have often been distorted or ignored.

There are certainly environmental problems in the area, but the World Bank confirmed that population growth, deforestation, soil erosion and over-farming are also major environmental problems there.

In fact, Shell is spending US\$100m this year alone on environmental projects and US\$20m on roads, health clinics, schools, scholarships, water schemes and

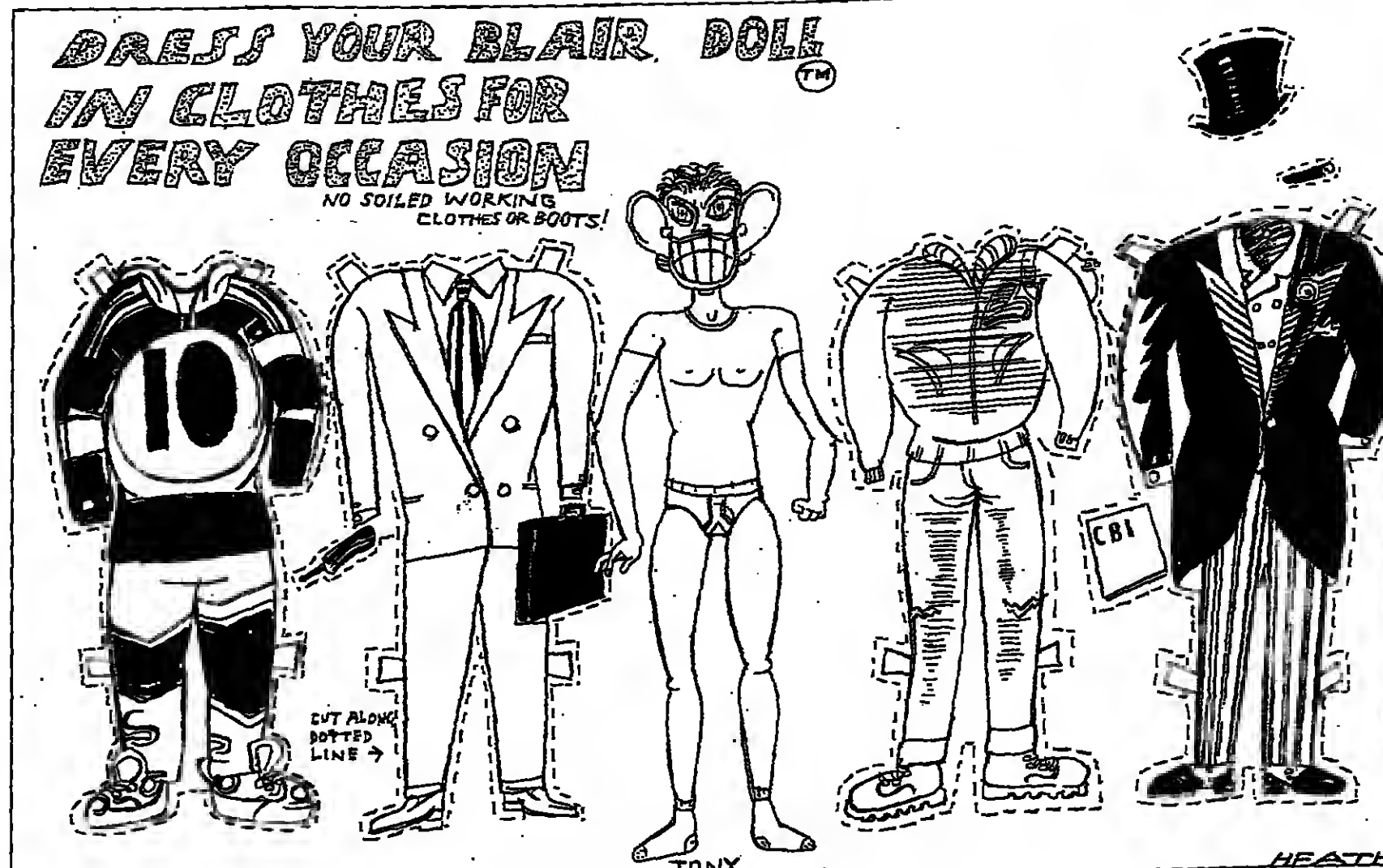
agricultural support projects to help the people of the region.

But another problem is sabotage. In the Ogoni area - where Shell has not operated since 1993 - more than 60 per cent of oil spills have been caused by sabotage, usually linked to claims for compensation. And when contractors have tried to deal with these problems, they have been forcibly denied access.

It has also been suggested that Shell should pull out of Nigeria's Liquefied Natural Gas project. But let's be clear who gets hurt if the project is cancelled. Not this Nigerian government. Revenues won't start flowing until the next century. But a cancellation would hurt the thousands of Nigerians who will be working on the project and the tens of thousands more benefitting in the local economy. The environment too would suffer, with the plant expected to cut greatly the need for gas flaring in the oil industry. It is Nigeria's long-term future that will pay the price - the Nigerian government of the early 21st century which should be seeing revenues beginning to flow from that investment, contributing to the rebuilding of the country.

It is easy enough to sit in our comfortable homes in the West, calling for sanctions against a Third World nation. But you have to be sure that knee-jerk reactions won't do more harm than good.

The writer is Shell's regional co-ordinator with responsibility for Africa.



LETTERS TO THE EDITOR

The 'tough' approach to youth unemployment

From Dr Dan Finn

Sir: Your endorsement of Gordon Brown's "tough" approach towards the young unemployed ("Labour gets it right on jobs", 10 November) is misconceived, as is the shadow Chancellor's decision to undermine the overall value of his proposals by linking Labour's package to explicit new benefit sanctions.

While it may help Labour win some Tory votes, the stress on sanctions sends the wrong message to the unemployed and to those working to create high-quality opportunities for them. Forcing people on to programmes simply to protect their benefit payments, and where their psychological motivation will be close to zero, will not help them to get jobs. It will in fact reinforce the deep scepticism that already exists among the young about the purpose and value of government schemes.

Gordon Brown's package is a long way short of the "most ambitious attempt yet" to tackle youth unemployment you describe. At best it is a modest, if welcome, extension of the opportunities that already exist for those out of work.

Finally, it has been profoundly dispiriting to see senior Labour shadow ministers scoring cheap points by peddling gross stereotypes about the young unemployed. This has given a green

light to those advocating a workfare regime and has done serious damage to the hard-won credibility of many in the Labour Party who have worked to protect high-quality programmes for the unemployed.

Yours sincerely,
DAN FINN
Stockport, Greater Manchester
10 November

From the Earl Russell

Sir: If "new" Labour is to be "forced labour", it might consider using imprisonment as a sanction rather than withdrawal of benefits. Imprisonment, unlike withdrawal of benefits, is subject to the legal requirement of due process, and this would give people an opportunity to show good cause why they should not take the medicine that Gordon Brown has prescribed to them.

Imprisonment, unlike withdrawal of benefits, does not force those subjected to it to make an instant choice between starvation and crime. Perhaps Labour could also tell us why, if their new policy is so good, only the under-25s are to be allowed to benefit from it? Yours sincerely,
RUSSELL
House of Lords
London, SW1
10 November
The writer is the Liberal Democrat spokesperson on Social Security.

A woman's place in the supermarket

From Ms Beverley Beckett

Sir: As someone whose life has been influenced by the writing of Germaine Greer, I was rather surprised to read her article ("Never glad confident Sainsbury's again", 10 November). In it, the woman who so fiercely championed women's rights in *The Female Eunuch* self-importantly declares herself, as a wage-earner, "working woman", while dismissively lumping all other women (presumably including those with babies and small toddlers, whom she finds so irritating for taking up the parking spaces by the entrance, and cluttering it up with their special-needs trolleys) into the category of "fun-loving leisure shoppers", who do nothing but obstruct her on her busy way.

Silly me never to have previously relished shopping at Sainsbury's with my toddler as a fun leisure activity. A previous wage-earner, who is presently committed to caring on a full-time basis for a small daughter, I was enlightened to find that, exhausted though I may be at the end of each day, I am not a working woman and certainly never in a hurry at the supermarket.

Is this post-feminism? Or is it simply the woman who, in *Sex and Destiny*, criticised the West as a profoundly fertility-denying, anti-child society, expressing her own distaste and hostility towards children's very presence in public places like supermarkets?

Anyway, must dash: I hear there's a free cheese-tasting on at Sainsbury's - or should I just stay at home?

Yours sincerely,
BEVERLEY BECKETT
Clevedon, Oxfordshire
10 November

From Ms Anne Greenridge

Sir: Three cheers for Germaine Greer for voicing opinions about Sainsbury's with which I wholeheartedly agree.

Our local Sainsbury's began life innocently enough in the 1980s, being cautiously welcomed by residents. But with a toe-hold in the neighbourhood, it grew, buying up the local car park and adjacent hospital land until the whole village was Sainsbury's.

This once charming locality has now become a choked, heaving traffic nightmare. Acres of parking, signs siphoning the shopper along a pre-ordained

route, compulsory entry through a Sainsbury's newspaper concourse: the customer is brain-drained before ever placing the first own-brand item in the trolley.

And life without Sainsbury's? Good food is certainly to be had elsewhere, with very much more time left to enjoy it! Yours faithfully,
ANNE GREENRIDGE
Oxford, Kent

From Mr Tom Tickell

Sir: My mentally-handicapped daughter and I feel very guilty that we may contribute to delaying Germaine Greer when she goes shopping in Sainsbury's. I am sure that women with children, and pensioners, will have just the same reactions.

Of course, she needs a special parking slot - as do all the other busy working women who are members of the new mistress race.

The puzzle is why Ms Greer has to go into Sainsbury's to look for pasta that she knows she can only find elsewhere. But I suppose that if you are quite such a busy working woman as she is you never have a moment to think. Yours faithfully,
TOM TICKELL
London, N19
10 November

The Zoo and BSE

From Ms Alexandra Dixon

Sir: Hazel Lye's letter (25 October) asks whether animals bred by London Zoo and released into the Middle East and Africa could be contaminated with BSE. This is an issue which we take very seriously, particularly as misinformation on the subject can have long-term and damaging consequences.

The Scimitar-horned oryx sent to Tunisia in 1985 were not bred by us, although we co-ordinated the project from the British side. These animals are contained within a fenced reserve and there

is no reported evidence, 10 years later, of BSE. Of the reintroduction programmes in the Middle East, only the Arabian oryx project in Saudi Arabia received any animals from the UK. These were exactly three in 1989 - all males who were identified as important genetic stock. None of the UK animals has been released into the wild, their progeny are known and monitored and there has been to our certain knowledge absolutely no sign of BSE. However, because we are just as concerned as everyone else (if not more so), we decided three years ago not to export any more oryx from the UK until the

epidemiology of the disease is better understood.

With regard to the gazelle releases, contrary to some of the press reports these animals were all born in Saudi Arabia to animals that had never left Saudi Arabia. This was made absolutely clear in the press release. BSE has never been found in gazelles in any case.

Yours faithfully,
ALEXANDRA DIXON
Director
Conservation and Consultancy
The Zoological Society
of London
London, NW1
9 November

Of cabbages and future kings

From Mr George Walden

Sir: In his kind report of my Booker speech in Saturday's *Independent*, John Walsh said I had described British culture as a "vegetating catastrophe". This is not so. What I said was that a French writer (Celine) had once described Russia in that perceptive phrase. I went on:

"The British do not go in for catastrophes. We are content to vegetate. And as long as you vegetate you are saving off catastrophe."

The distinction, if you are the cabbage in question, is important. Of my attack on nostalgia, Mr Walsh says that a return to the past can be a search for meaning. He is clearly right; not to understand that would be to overlook one of the sources of the Renaissance. He also makes an excellent point about the cramping effect of journalism on modern

fiction, which I wish I had included in my speech.

What I criticised specifically were the Prince of Wales's pastiche villages, nationalist politicians trying to revive long-dead enemies, costume dramas on TV, our reversion to a tired form of modernism (brilliant in its day) in art, and the sort of historical biographer who informs us excitedly that they had sex then too.

I hope Mr Walsh agrees that there is little new meaning to be had from such sources, which are part of the national escapism so evident in our politics. Perhaps that is why Virginia Bottomley looked so displeased at my speech?

Yours faithfully,
GEORGE WALDEN
MP for Buckingham (Con)
House of Commons
London, SW1
11 November

Criticism ignores Unison's skills

From Mr Kevan Kelson

Sir: Your scathing criticism of Unison (Who's afraid of Rodney?, 8 November) is wholly unjustified. To suggest that Rodney Bickerstaffe - and by extension Unison - is "a leader of the old school, a product of declining culture" is not borne out by an analysis of Unison's internal organisation, its progressive aims and values or most significantly its dynamic campaigning approach at local, regional and national level.

This was most visibly demonstrated on 27 October by the "Public Service not Private Sleaze" national event; but perhaps the best example of Unison's strategic approach of allying service users, community organisations and public service trade unionists is our work in Northern Ireland, where the skilful deployment of resources and enabling support to disenfranchised groups has led to Unison securing an influence far beyond its membership size.

Rodney Bickerstaffe has been instrumental in these developments and far from the union's leadership policing members on behalf of government (Labour or other), Unison will continue to campaign robustly to defend and extend public services, as well as the pay and conditions of workers employed in them.

Yours sincerely,
KEVAN KELSON
Branch Secretary
St Helens Metropolitan Branch
Unison
St Helens,
Merseyside
10 November

Dodging his duty

From Mr Edward McCabe

Sir: Colin Powell has managed to maintain a highly favourable image in the press at home and abroad. But I think the time has come to find fault with him.

He could have done so much good. But instead of sacrificing himself, he has sacrificed the cause of the entire black community in America. Never has one man failed to do so much for so many.

Bill Clinton has been dubbed a coward for dodging the draft, but in this instance it is the military man who is the wimp.

Yours sincerely,
EDWARD MCCABE
West Bromwich,
West Midlands
9 November

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09/11/2015

Tony Blair's new moral imperative

Can the Labour leader make the right judgements on what the party's values should be?

Tony Blair lectures the readers of the right-wing *Mail on Sunday* about the need to "rediscover our traditional British values". Jack Straw shakes his fist at our disorderly street culture and warns that he's going to get tough on truants' parents. David Blunkett unveils plans to give alienated inner-city kids moral role-models. Hardly a day passes without more evidence of this new tone from Labour - not so much straws in the wind as whole haystacks in a hurricane.

In his biography of Blair, my colleague John Rentoul describes the Labour leader's philosophy as social moralism. Some Labour MPs and epithets for what they regard as a wild majority lurched into moralism to judge Labour's new value-loaded language without looking backwards. For it is at least arguable that Blair is returning to the origins of progressive politics, not breaking away from them.

In its heyday, the socialist project promised to swamp "bourgeois morality". Individuals were all actors in a class drama, helpless agents of History. Left-wing politicians didn't discuss the behaviour of people, particularly poorer people; that was strictly for the priests and the reactionaries. In this way, the left found itself speaking a different language from voters. Fixated by the moral grandeur of its vision, its values and the ordinary, workaday values of the people it hoped to represent drifted steadily apart.

Now that the millennial vision has collapsed, the whole structure of left-of-centre thought is changing, too. The disappearance of the Marx-

ist and socialist interpretation of history has returned the left to common Western values - Judeo-Christian values, intermingled with liberal values. In one way, this is a harsher world; one in which there are fewer excuses.

But the idea that to use traditional moral language makes you a right-winger would have startled every pre-Marxist generation of radicals. The puritanism of early trade unionists and socialists, the high moral tone of the first generations of feminists, the championing of thrift and hard work among the self-organised working class friendly societies; the austere Liberal moralism still present in Beveridge's blueprints for post-1945 Britain - all these are reminders of the way in which personal morality and politics used to mingle for the left.

This doesn't mean that we are inevitably returning to Victorian values because they are essential, untouchable truths. Morality is as fluid as anything else in human society. Our codes are vastly different from those of the 19th century. They would be horrified by our sex-obsession and by our puritanism about food, tobacco and health. Tony Blair regards homosexuals with the same disdain his predecessors would have reserved for homosexuals. When Enoch Powell asks, as he did in a weekend television portrait, "what's wrong with racism?" he makes a value-judgement which was near-universal in 1890, unexceptional in 1930 and is unacceptable today. And so on.

Each moralism has its excesses -



ANDREW MARR
Columnist of the Year

He knows you cannot be a moralist who only looks downwards

moral codes always do - but they are enormously far apart. The Victorians hid table-legs; we consider it polite to keep an expression of pleased interest in place as we inspect colour photo-images of human turds on display in an art gallery. Different times, different quirks.

What unites them, however, is a similar array of problems caused by technological and economic change - and a similar underlying assumption that these cannot be solved by political change alone. Carlyle's "Condition of England question" is back; huge disparities of wealth, ghetto poverty, delinquency, illiteracy, addiction and violent crime stalk our country too, if not on a 19th-century scale.

A political language that didn't involve moral judgements about individual behaviour would not begin to address this. But that doesn't imply an ethical consensus, any more than it did when Gladstone was outraged about

Disraeli and vice-versa. Blair's moral language, however harshly it reverberates in the ears of middle-class intelligentsia, is distinctively different from Tory moral populism. It offers a choice.

First, that there is still a values gap between the parties about sex and race. Politicians on the right say things, though mostly in private, about gays and about blacks, that would be taboo on the left. The left is far less ready to blame people or abuse them for things they cannot help. The only recent change is that, with Blair, the definition of what people "cannot help" is narrowing.

Second, Labour moralism claims to have no favourites - to be genuinely One Nation. There is nothing more damaging to the authority of Tory ministers than the belief that strictures about dependency or the virtue of family life are intended for you down there but not for us up here - that, to put it brutally, morals are for losers.

Here is where Blairites need to be particularly careful. It isn't only that they need to embody some of the self-restraint and decent austerity they speak for. It's also that their version of social morality, if it means anything, applies to some powerful forces in this country.

Take yesterday's encounter with the Confederation of British Industry. That the Labour leader is wooing the CBI is neither surprising nor shocking. That he is not to begin a fiscal assault on wealth-generators is mere economic realism. And that British industry itself is now studying the short-termism which the left has criticised for so long confirms it believes that Blair will soon be in power.

But there is a hidden argument to be had between New Labour and the CBI, and both know it perfectly well. Business still gives the impression of wanting a one-way deal with government: "tax us less, regulate us less and then leave us alone. We don't want to talk about a minimum wage or employees' rights or overwork or training."

To any new Labour moralist, that must be an unsustainable position. It isn't compatible with the secure, well-educated and confident "stakeholder" society which Blair wants, and in which individuals all play their part. It is an attitude that would have strangled the Factory Acts at birth.

A country divided between the poor and workless and a driven, exhausted class of workers too tired to be active citizens, or to talk to their children, or to upgrade their skills after work - that is not a plausible tomorrow. One day, if Labour is to exploit the moral authority it has been painfully accumulating, it has to start saying so. For the left, going "back to basics" also means this.

I think Blair is only beginning to find his true voice, that his radical ambition is still quietly uncoiling. For he knows that you can be a moralistic reformer - indeed, throughout most of human history reform and moral passion have been inseparable. But he also knows you cannot be a moralist who only looks downwards. The proper word for that is a bully. And you cannot be a moralist who is fierce only with the powerless. That would make you a coward. And whatever Blair is, or will become, he is neither of those.

No speech like an old speech

There are two diametrically opposed schools of thought when it comes to preparing an after-dinner speech. There is the Clement Freud school of thought and the non-Clement Freud school of thought. I learnt this when as a young man I foolishly accepted an invitation to take part in a Cambridge Union debate.

There were good things in my speech but I didn't get it really right, and Clement Freud, a fellow-speaker, leant over to me afterwards and said: "If you'll take my advice, Miles, you won't bother to make up a speech every time. Just have one very good speech and always use that."

"But make sure you alter the opening and closing paragraph each time, to make it seem topical. If the start and close of a speech is geared to the actual occasion and the actual people present, then they will assume that the rest of the speech is the same, even though you delivered exactly the same stuff at Huddersfield the week before."

I was disposed to believe what Clement Freud said at the time, because I had just seen him in action at dinner. The young gentlemen of the Cambridge Union had taken us to eat at one of Cambridge's better hotels, and Clement Freud, during the soup course, had sent the toast back to the kitchens.

"That's not what I would call melba," he said with silky danger in his voice. "Take it back and complete the process."

By so doing he had upstaged all his hosts (who were obviously exercising insufficient toast quality control) and all his fellow guests, who were hush-chomping away at insufficiently melbaised toast.

A man who could do that must be right about the writing of speeches, mustn't he?

Well, up to a point, Lord Copper. In my limited experience, sometimes speech material that has done well before does well again and sometimes it horrendously doesn't. More often, alas, a speech that has been specially prepared for the occasion, and which can never be used again, is the only speech possible on that occasion. I have twice foolishly accepted invitations to address the Oxford Union, and on the second occasion my fellow speaker was the large, gangling actor Bernard Bresslaw, familiar to me from Carry On films.

"Done this sort of thing before?" I asked him.

"Once," he told me. "I came to speak at the Oxford Union once before, and it was a disaster. You see, nobody had told me I would be making a speech. I had assumed it was one of those celebrity do's where the audience asked you questions."

So when it came to my turn to speak, I stood up and waited for the first question, and it never came, and I had nothing to say, and it was a nightmare. But I'm ready this time..."

When the time came he stood up and delivered a speech of such comic intensity, so full of Shakespearean overtones, that everyone assumed it was brilliant even though nobody (myself included) had the faintest idea what it was about. He had a standing ovation.

Whether Bresslaw ever published his speech, I don't know. You can only do this, of course, if you are not a product of the Clement Freud school of speech-writing.

Assuming that Clement Freud actually does what he told me to do, he is in the position of an old music-hall artist who could constantly reuse his best material as long as he didn't go on TV. Of course, speech-making doesn't go on TV. But it does get recycled as



MILES KINGSTON

articles. You sometimes read, at the end of pieces by famous people who don't really have time to write articles, the line:

"This article is based on the text of a speech delivered to the New York Society of Orthodox Jews on 23 November last year", and you think "Well, fair enough - I would rather read this as an article than have to be an orthodontist in a bow-tie last November."

But I do know of a time when Kingsley Amis achieved the opposite - he got a speech into print before he made it. I once shared a literary lunch with him at Reading, and all we had to do was talk for a dozen minutes about our new books, but when he rose he told the astonished lunchers: "Look, I didn't have time to prepare anything interesting to say today, but I have just received the galley proofs of an article I've written for next week's *Times Literary Supplement*, which might interest you," and he dragged a long sheet of printer's proofs out of his pocket, which he proceeded to read at high speed to the bemused audience before sliding down at high speed and ordering another drink.

I think it is safe to assume that Kingsley Amis had never attended the Clement Freud school of speech-writing. This column is drawn from the text of a talk delivered to the *Murroa Atoll Rotary Club*.

Executed Nigerian writer Ken Saro-Wiwa's final interview epitomised his 20-year campaign

The evil at the heart of Nigeria

Nigeria consists of 300 different peoples who were put together by the British. Although the country is a federation, ever since the military came into power its people have tried to turn this federation into a unitary system. Under this system, the major ethnic groups have cheated the smaller groups because 94 per cent of the GNP of Nigeria is oil, and the oil lies pre-eminently in the Niger delta which is inhabited by the small groups. Ogoni country produces oil and has produced oil since 1958, but the Ogoni people have nothing to show for it.

I want justice for the Ogoni people. I want self-determination for the

'Literature has to be combative. It must do something to transform lives'

Ogoni people. I want autonomy for the Ogoni people. This means that Ogoni political affairs will be run by Ogoni people. Ogoni economic resources will be used for the development of the Ogoni people. The Ogoni people will pay whatever they have to the federal government. They have responsibilities to keep the federation going.

Over the past 33 years, the Ogoni country has been completely destroyed by the search for oil. If they have their own government, they will be able to settle those laws and regulations that will control the rampaging oil companies. Oil blow-outs, spillages, oil slick and general pollution accompany the search for oil.

In most cases the oil companies have an obligation to ensure that these things do not happen. Unfortunately, they have not done these things in Nigeria. Oil companies have flared gas in Nigeria for the past 33 years causing acid rain. This is an area of very heavy rainfall. Acid rain then gets back into the soil, and what used to be the bread basket of the delta has now become totally infertile. This is the worst case of pollution I have seen in any part of the world where people have prospered for oil.

In Britain, Shell produces oil, but you look at the adverts - they are talking of keeping the valleys neat and clean so that human beings will not know that anything is going on there.



Ken Saro-Wiwa: you cannot begin to wonder whether you are going to be killed

In Ogoni, Shell pipelines are there for everyone to see. Because the government in Nigeria is colonial, as far as the ethnic minorities such as the Ogoni are concerned, the interests of Shell and of those who are running Nigeria at this time, mix. I accuse Shell of racism because they are doing in Ogoni what they dare not do in Europe or America, where they also prospect for oil.

I am trying to mobilise opinion, particularly in the West, among shareholders of Shell, among the governments of Britain, of Germany, of France, of Italy - all those who prospect for oil, whose companies prospect for oil in Nigeria, to realise that they are ruining the environment and dehumanising the people. I believe that if the people knew what has been happening, they would do something about it and stop this robbery and murder

that is going on in broad daylight at the end of the 20th century.

All the oil that is produced in Nigeria is bought by America and the West and Japan. If they insisted, "Look, we are not going to buy this oil unless you ensure that the environment is protected, unless you ensure that rents and royalties are paid to the landowners - to the owners of the oil", it would be a different story altogether.

The profits from oil come to Britain because they sell the equipment. It is their technology that is keeping Nigerian oil going. It is, in fact, Western credit that is keeping Nigeria alive, so they have a moral responsibility to intervene in this situation. I have asked publicly that Nigeria be expelled from the United Nations because of its oppressive ways, because it has oppressed just too many Nigerians. The military governments of Nigeria

have sat on other Nigerians in a way that is just as evil and as bad as what was done in South Africa.

In this country writers write to entertain, they raise questions of individual existence - you know the angst of the individual - but for a Nigerian writer in my position you can't go into that. Literature has to be combative. You cannot have art for art's sake. This art must do something to transform the lives of a community, of a nation. And for that reason, literature has a different purpose altogether in that sort of society, completely different from here. And, you know, a writer doesn't earn money in Nigeria because although you have 100 million people, most of them cannot read and write here, so literature has a different purpose. So here I am - I have written 22 books, I have produced 150 episodes of one television programme, which everyone enjoys, but

I am poor. It is of no interest to me. What is of interest to me is that my art should be able to alter the lives of a large number of people, of a whole community, of the entire country, so that my literature has to be entirely different. The stories that I tell must have a different sort of purpose from the artist in the Western world and it is not now an ego trip, you know, it is politics, it is economics, it's everything, you know, and art in that instance becomes so meaningful both to the artist and to the consumers of that art, because you do not just depend on them to read your books, you even have to live their life that they can emulate. The artist in that

I think that the entire international community should disavow this genocide'

society has a different role and, to my mind, a much more worthy role than the artist in the West.

When you are asking for the rights of the people, you cannot begin to wonder whether you are going to be killed or sent to jail or whatever. Right is right and it must be fought for. I have been at it for 20 years, and at this age, at this point in my life there's really nothing to fear. I think we have seen a lot of dictators collapse in the past and these ones are going to collapse as well.

I believe that the British government, that the American government, the governments of the EC - all those who buy Nigerian oil - including the Japanese and others, are encouraging genocide in Ogoni. I think that the entire international community should come forward to disavow this process of genocide. The UN views genocide as very serious crime. The fact that the ethnic majority in Nigeria colludes in genocide does not excuse it. I appeal to the entire international community to come to the help of Ogoni now, because if nothing is done, the Ogoni people are going to be extinct in no more than 10 years.

These extracts from an interview with Ken Saro-Wiwa, the last conducted before he was executed will be shown tonight on *Without Walls: The Hanged Man - Nigeria's Shame* at 9.30pm on Channel 4.

HAVE YOU GOT WHAT IT TAKES?

THINK | CHOIR
AMPLE | REVEL
GRAND | DROLL
PIVOT | VAGUE
SPACE | BLESS
EAGER | HOVEL
LOCAL | MANOR



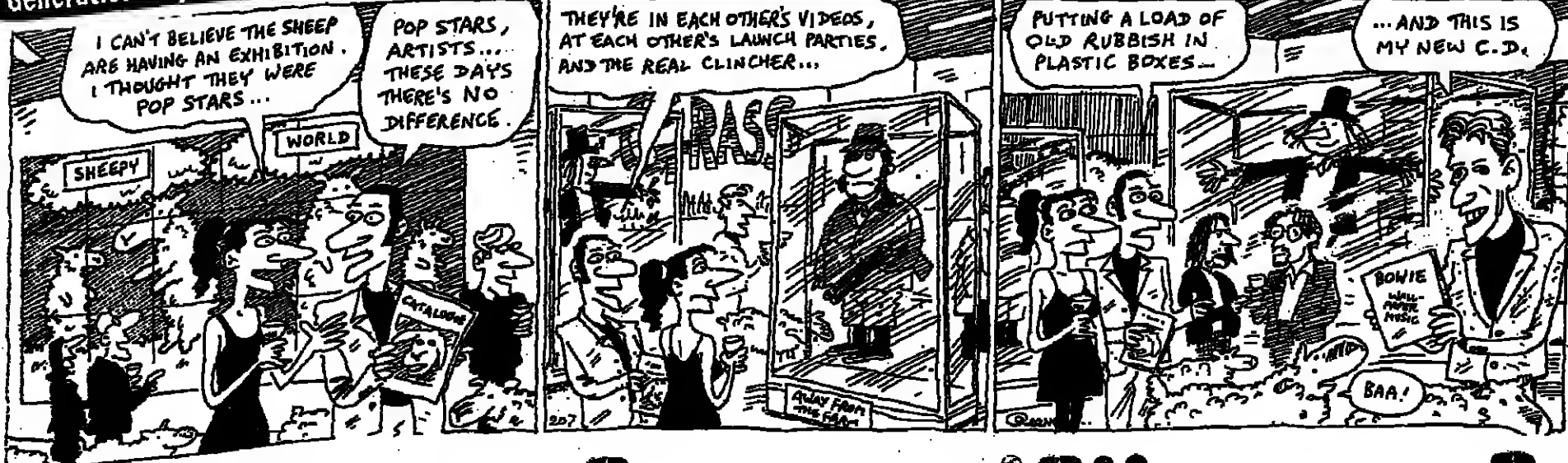
Place a letter between the words which, when substituted for the middle letter of each word either side, will create two other words. When all the letters have been found a word can be read downwards. What is the word?

Get the answer right and we will send you a Certificate of Merit.

The answer is -
If you can solve this puzzle you could be eligible to join Mensa, the high IQ society.
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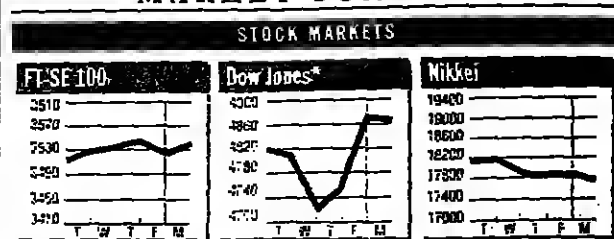
Mensa

Generation Why



[illegible]

MARKET SUMMARY



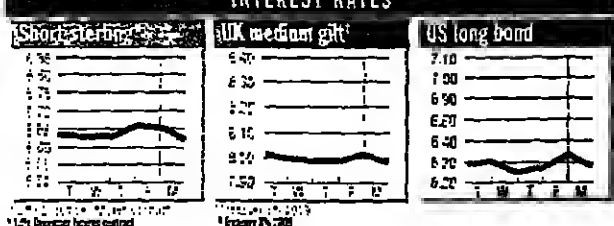
Index	Close	Day's change	Change (%)	12 Mth High	12 Mth Low	Yield (%)
FTSE 100	2534.8	-17.4	-0.4	2600.0	2443.4	4.0
FTSE 250	2897.3	-3.0	-0.1	2977.3	2500.9	3.5
FTSE 350	2759.2	-2.7	-0.1	2765.3	2470.0	3.9
FT Small Cap	1937.1	-3.9	-0.2	2000.0	1800.0	3.4
FT All Share	2736.9	-1.8	-0.1	2780.0	2450.0	3.8
Nikkei	14654.4	-10.0	-0.1	14800.0	13000.0	2.5
Dow Jones	5959.2	-2.6	-0.1	6000.0	5800.0	4.1
Hong Kong	2759.2	-3.2	-0.1	2800.0	2500.0	3.1
Shanghai	1638.0	-1.6	-0.1	1650.0	1500.0	3.2
Hang Seng	9022.0	-3.0	-0.1	9200.0	8000.0	3.8

* New Index & Graph at 1330 hours ** FT/SE World Index

MAIN PRICE CHANGES

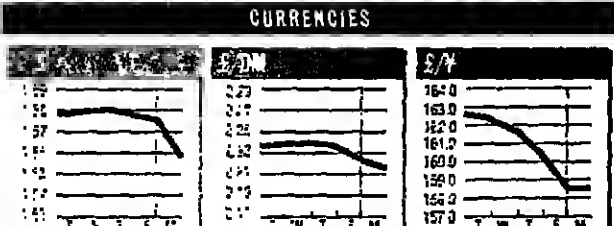
Rises				Falls			
	Price (p)	Change (p)	% Change		Price (p)	Change (p)	% Change
Western Geologic	100	7	2.6	Hambros	285	-7	-5.1
Tarmac	95	5	2.2	Color Group	228	-10	-4.2
Wichita Hyatt	155	9	6.2	Norwest	1004	-41	-3.9
Texas Petroleum	208	6	5.9	Kelco Group	103	-4	-3.7
Bank of America	109	5	3.2	Yule Cattle & Co	206	-11	-2.4

INTEREST RATES



Index	1 Month	3 Month	6 Month	1 Year	2 Year	3 Year	5 Year	10 Year	15 Year	20 Year
UK	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75
US	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Japan	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Germany	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75

CURRENCIES



Index	Yesterday	Change	Year Ago	Index	Yesterday	Change	Year Ago
\$/£	1.5527	-0.0001	1.5528	£/¥	0.0066	-0.0001	0.0066
DM/£	1.4555	-0.0001	1.4556	DM/¥	0.0069	-0.0001	0.0069
DM/\$	1.2274	-0.0001	1.2275	DM/£	1.0000	-0.0001	1.0000
Yen/\$	162.54	-0.01	162.55	Yen/£	110.00	-0.01	110.00
£/Index	0.63	-0.01	0.63	£/Index	0.63	-0.01	0.63

OTHER INDICATORS

Index	Yesterday	Day's change	Year Ago	Index	Yesterday	Day's change	Year Ago
CLIMATE	1.5527	-0.0001	1.5528	CLIMATE	1.5527	-0.0001	1.5528
CLIMATE	1.5527	-0.0001	1.5528	CLIMATE	1.5527	-0.0001	1.5528
CLIMATE	1.5527	-0.0001	1.5528	CLIMATE	1.5527	-0.0001	1.5528
CLIMATE	1.5527	-0.0001	1.5528	CLIMATE	1.5527	-0.0001	1.5528

IN BRIEF

Utilities deny secret rebate talks

Power and water companies last night dismissed suggestions that they had secret talks with Michael Heseltine, Deputy Prime Minister, about windfall customer rebates. Of the companies said to have met Mr Heseltine, only British Gas declined to comment. Norweb, the electricity company, and North West Water, denied any talks. Powergen and National Power also denied any knowledge. Whitehall sources were reported to have said that Mr Heseltine had embarked on a campaign to persuade privatised companies to offer customers up to £200 in price cuts to boost the "feel-good" factor prior to a general election.

Banking union challenge for Blair

Ed Sweeney, who was yesterday elected general secretary of the Banking Insurance and Finance Union, challenged Tony Blair to intervene in the Lloyds Bank bid for the TSB. Making clear his frustration with Labour over its refusal to call for an investigation by the Monopolies and Mergers Commission, he said: "The Lloyds bid is against the interests of customers and staff and would be bad for the economy. It will do nothing for competition, but a lot for the earnings of senior directors."

Inquiry into Airbus bribe allegations

The Royal Canadian Mounted Police has begun an investigation into media allegations over the sale of Airbus Industrie aircraft to Air Canada. The Swiss Federal Justice Department said it had also opened an inquiry into Canadian allegations that Airbus paid bribes to Swiss bank accounts in connection with the sale of several aircraft to Canadian companies.

Revenue up at cable phone company

General Cable yesterday announced sharply higher nine-month revenues from the telephone side of its business, fuelled by a 70 per cent increase in subscribers. Added to similar results last week from the other two UK-listed cable operators, TeleWest and Nynex CableComms, the news will not be welcome at BT, which is losing phone customers at a rate of 30,000 every three months to competitors such as Energis, Mercury and the cable companies in particular. Cable's success has been costly: Nynex and Telewest both saw their revenues per phone customer drop year-on-year in the third quarter, reflecting the deep discounts they offer to BT's published rates. General Cable's average return from business telephony customers plunged 17 per cent year on year.

Comment, page 21

Salomon confirms stocks move

Salomon Brothers, the US investment bank, confirmed that it is to stop trading European stocks through the London Stock Exchange's SEAQ International and, instead, will conduct all its European trades directly on local markets, as reported in yesterday's Independent.

Liffe to trade in Euroyen

The London Futures Exchange, Liffe, is to begin trading Euroyen futures, the second largest futures contract in the world, from spring next year. Liffe yesterday signed a formal link agreement with the Tokyo International futures exchange, which will allow Euroyen trading in the European time zone.

CBI conference: Labour leader's pledge to maintain low-inflation economy wins biggest share of applause

Blair earns reward for dedication to wealth

PETER RODGERS and MARY FAGAN

Tony Blair promised his full backing yesterday for those who become wealthy through hard work, and was rewarded with a longer ovation for his speech to the CBI annual conference than Michael Heseltine, the Deputy Prime Minister.

Pledging full support for a competitive, low-inflation economy, Mr Blair rejected as senseless penal rates of taxation. "They are gone for good. I want a tax regime where through hard work, risk and success, people can become wealthy. Britain needs successful people in business, who can become rich by their success." His ovation lasted 55 seconds, 12 more than Mr Heseltine, who rounded off the day's session calling for relentless efforts by business to improve competitiveness.

The reaction to Mr Blair from many business leaders in the hall was positive, counteracting a careful distancing on Sunday by the CBI leadership, which has been under pressure from Tory members to take a less effeminate line towards Labour. Sir Bryan Nicholson, CBI president, said: "Tony Blair's speech was about general reassurance and not much about specifics. Michael Heseltine's speech was detailed and specific about what is happening and what is going to

happen." He saw this as reassurance that the Government was not going to throw away the economic gains it had made and act imprudently.

But Sir Michael Perry, chairman of Unilever, after a brief private word with Mr Blair outside the meeting, described it as a serious speech that deliberately addressed the concerns of industry and sought to give honest answers. "To that extent it will have won a lot of friends at the conference, and in the minds of many people it will have proved that there are serious policies being considered."

Sir Michael said that the issues highlighted by Mr Blair were "right in the middle of the bullseye", even if people disagreed with his views. "I think he addressed them fairly and squarely. That will give a lot of comfort to people."

Mr Blair identified key issues on his agenda, including an end to economic boom and bust, a clear target for inflation, a tax regime to encourage investment and domestic savings, partnership in limited but key areas between the private and public sectors, improvement of infrastructure, and Europe and the single market.

But he said that if there was one priority above all else it was education, which he described as the "passion of my government, and I mean it". He added: "Get it right and a lot else falls



Tory line: Michael Heseltine addressing conference yesterday Photograph: Newstream

into place. Get it wrong and economic underperformance as well as social decay beckon."

Tackling the Social Chapter and the minimum wage, Mr Blair said: "The truth - uncomfortable for parts of the left and right - is that the minimum wage and the Social Chapter will neither destroy nor build a better economy". The Social Chapter was a set of principles rather than detailed legislation, and a Labour government would judge each piece of legislation on its merits. "I have no intention of agreeing to anything and everything that emerges from the EU. But an empty-chair policy, which is what we have at the moment, is not good business or good politics."

Business would be consulted on the level at which any minimum wage would be set and how it would be implemented. Parts of business already understood that it was neither efficient nor fair to pay people as little as possible. He also pointed out that a minimum wage had not stopped Germany or the US from being competitive.

He added: "We see taxes as you see taxes. Whatever they are called - windfall taxes, social taxes, non-penal taxes or even tartan taxes, they are all taxes." He said the Government wanted the most competitive regime that "prudence can accommodate".

Mr Heseltine also promised to continue to fight Britain's corner within the European Union and to fight for regulation and competitiveness throughout the EU.

He warned that each partner with the Union has its own agenda as well as the European agenda, adding: "Anyone who thinks you can win over the French and Germans by rolling over on your backs and waving your paws in the air has much to learn about the rules of international politics."

Peter Rodgers and Mary Fagan

Industry chief attacks Tory far-right 'fringe'

John Redwood's Eurosceptic meeting in the Birmingham Repertory Theatre next door to conference was attacked as the "fringed fringe" by Sir Bryan Nicholson, CBI president, in his opening speech.

Mr Redwood, whose meeting attracted just under 100, of whom several dozen appeared to be media, from among the 1,000 delegates, said: "You are all very brave to engage in a debate at a CBI conference. Welcome to this novelty." But after speeches from the panel, invitations for comments from the delegates, who had enjoyed a

free packed lunch, were met with one question from a journalist and a resounding silence from the rest of the audience.

The panel, sitting on the set of Congress of The Way of the World, a drama of intrigue and wit, may well have aired the dissonant view on Europe. But despite its billing as widening the debate, there was a tremendous air of anti-drama about the whole event. The fringe was clearly in no frenzy.

During the morning the enemy from Brussels had been straining every muscle to woo British business and all the

questions from the floor of the main debate were curiously supportive of the main CBI line.

Sir Leon Brittan, vice-president of the European Commission, had already ridiculed Mr Redwood's argument that to join a single currency would mean interest rates and lending policies being decided by unelected officials in Frankfurt. Sir Leon said that Britain would not become one of the provinces in a federal Europe, adding: "Nor is it the gnomes of Frankfurt will fax the Budget straight to the Chancellor's office, still less that an

unelected European president will send British troops marching into battle to the strains of Beethoven's Ninth."

Sir Leon made an urgent plea for Britain not to close its options on monetary union, and rejected the suggestion that the Government should declare that it would not enter monetary union within the lifetime of the next parliament. "It is seductive but literally incredible to say that we would not really be closing off any options. I can only say once again that our partners' determination to go ahead makes it extremely

unsafe to assume that by the end of the next parliament, in 2002, EMU will still not be in existence."

Niall Fitzgerald, chairman of the CBI Europe Committee and vice-chairman of Unilever, said British business and its economic interests had been damaged by political divisions over Europe. "It is time for the UK government to demonstrate that it can be a critical but constructive force in the shaping of the EU," he told delegates.

Head of Equitas chosen

JOHN EISENHAMMER Financial Editor

Lloyd's of London has chosen an American, Michael Crall, to be the chief executive of Equitas, the giant re-insurance company which is to take over liability for all the insurance market's old policies.

Mr Crall, for the past nine years president of the Argonaut Insurance Company based in California, was selected mainly for his experience of the US market, which has been responsible for the great majority of the old pollution and asbestos liabilities that have brought such ruinous losses to names.

Lloyd's is facing a wave of investigations in the US by state regulators into allegations that the insurance market fraudulently misled investors by recruiting them when the massive risk potential of asbestos and pollution losses was already known to insiders.

The success of Equitas, which will take over all pre-1993 policies, allowing a "new Lloyd's" to trade forward uncumbered into the future, is essential to the insurance market's ambitious global restructuring and recovery plan.

Mr Crall, 51, was selected from a shortlist of 26. Lloyd's said yesterday. Jane Barker, formerly chief financial officer at the London Stock Exchange, is to take over as finance director of Equitas. Both appointments are to begin on 1 December, with Equitas seeking conditional approval from the Department of Trade and Industry by the end of the year.

BAA faces rise in cost of tunnelling collapse

RUSSELL HOTTEN

BAA, the UK airports operator, may face heavier costs over last year's collapse of a rail tunnel at Heathrow after ruling out legal action against Balfour Beatty. But Sir John Egan, BAA's chief executive, refused to say how much the delays in the construction of the Heathrow Express tunnel link would mean to the company.

Insurance payouts will not cover the extra costs and there had been suggestions that BAA might seek to recover money through the courts.

Asked if he would go to court over the matter, Sir John said there was "no conflict" between BAA and Balfour Beatty, the construction company building the rail link. "We are working together. It is a partnership," he said.

He said BAA might not know for another two to three years what additional costs it faced.

while talks with the insurance companies are held.

Although building work on the tunnel has now resumed, the opening of the link has been delayed by about six months to mid-1998. He stressed that, even with the delay, the Heathrow Express was a "good profitable project".

There was "a good healthy gap" between the break-even cost of the Express and the return on the project BAA was expecting. The rail link, initially costed at £300m, will take travellers between the airport and Paddington station in west London.

BAA, which yesterday reported a 10.9 per cent rise in half-year profits to £294m, on revenues up 5.8 per cent to £698m, expects the Eurostar train service to take away more passengers next year.

Although passenger defections to Eurostar so far had been smaller than expected -

about 1.5 per cent against forecasts of 2.3 per cent - the amount of lost business will rise next year.

Russell Walls, finance director, said Eurotunnel was removing 125,000 passengers a month from BAA's airports. He estimated that BAA passenger growth for the first half of 95 per cent would rise to around 7 per cent without competition from Eurotunnel. The lost business was hitting the London-Paris route, with London-Brussels services hardly affected, Mr Walls said.

BAA, which is looking to expand overseas, said it would only enter into international deals if they produced better returns than the UK operations. Friday sees the launch of Australia Pacific Airports Corporation, a venture between BAA and investors in Australia, where the UK company is hoping to buy airports being privatised.

Investment Column, page 22

Output prices at four-year high

PAUL WALLACE Economics Editor

Factory gate inflation rose to its highest for more than four years in October, but the underlying outlook for inflation in the manufacturing sector brightened. Core prices charged by manufacturing rose by the smallest amount for more than a year and the prices for materials and fuel purchased by manufacturing fell for the first time since January 1994.

Despite the rise in output prices to 4.6 per cent, its highest since August 1991, the Treas-

sury said there were clear signs that pressures in the pipeline from input price inflation were subsiding. Spokesmen also drew attention to the fact that the quarter-on-quarter annualised rate of inflation in core manufacturing output had fallen from 4.8 to 4 per cent.

But Andrew Smith, Shadow Chief Secretary, said the factory gate prices figures should be taken as a serious warning on inflation as the Chancellor shaped his Budget.

The markets reacted favourably to the figures, which many analysts saw as encouraging.

Michael Saunders, UK economist at Salomon Brothers, said: "Weaker output price data are a key step on the road to lower base rates."

Although overall factory gate inflation rose from 4.5 to 4.6 per cent in October, the core index, which excludes food, beverages, tobacco and petroleum fell from 5 to 4.8 per cent. There was even more encouraging news with input prices. The fall in seasonally adjusted input prices of 0.3 per cent, the first for almost two years, brought the annual rate down from a revised 9.2 to 7.8 per cent.

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INSTRUMENTS FOR PROFESSIONALS

When profit-sharing becomes an electoral bribe



Labour has already shown disturbing signs of retreat to this corporatist approach with its mooted British Telecom deal. Let us hope Michael Heseltine isn't planning to take it a stage further.

More and more desperate grow those wizzard wheezes, apparently dreamt up at the highest levels, for solving the Conservative Party's spot of electoral difficulty. Notwithstanding Michael Heseltine's robust denial yesterday, it seems that somewhere, somehow, someone in authority suggested (possibly only as an aside) that the utilities might want to come to the Government's aid, not this time as the butt of a windfall profits tax, but through voluntary customer rebates – a kind of privatised pre-election tax giveaway.

The idea is eminently plausible for it is exactly the sort of thing the President of the Board of Trade, or his Energy Minister, Tim Eggar, might have suggested. Whether it was ever seriously put to the utilities – those contacted yesterday claim not – is anyone's guess but it is certainly not something they could even begin to consider.

Mutual back-scratching by big business and government is always a highly suspect thing when it amounts to businesses giving a simple cash-in-hand "vote Tory" electoral bribe to their customers it begins to look positively corrupt. In the terms floated, what would happen is this. Collectively, the utilities would ensure a £200 rebate to every household in the country, helping the Tories, who have no windfall profit tax plans, to a stomping great victory at the next election. Alternatively, should the plan backfire and Labour win anyway, the utilities would be sufficiently weakened financially to make the

imposition of such a tax virtually impossible.

There is a precedent for this – the National Grid flotation, which involves a £50 customer rebate. The regional electricity companies didn't have to do this and indeed some of them didn't want to. With stick and carrot, Mr Eggar eventually persuaded them. But this was a rather different set of circumstances.

There are two big drawbacks with the latest idea. The first is that there is no obvious reason why the utilities should want to give succour to a lost cause when there is a good chance of the other side punishing them for it, regardless of their financial ability to cope, in 18 months' time. The other is the more principled point that having finally escaped through privatisation the politically motivated manipulations of the state, there is no earthly reason why the utilities would want to rush back into them.

Some utilities are already voluntarily "sharing" excess profits (profits over and above those anticipated by the regulator) between customers and shareholders. Though there are drawbacks with formalising these arrangements – Ian Byatt, the water regulator believes they could act as a disincentive to efficiency – if the Government wants to go the excess profit-sharing route, it clearly has to be done through the mechanism of an independent regulator. To do it direct – minister to utility – would be a process wide open to abuse and ridicule. Labour has already shown disturbing signs

of retreat to this corporatist approach to economic and electoral management with its mooted British Telecom deal. Let us hope Michael Heseltine isn't planning to take it a stage further.

Some cheer for cable investors

Telephony has become the undisputed driving force of the cable TV industry, to British Telecom's great annoyance. In the eight years before the Government allowed cable operators into the telephony market, the industry cabled only 103,000 homes. But in the four years since the rules were changed, 900,000 more homes have been added. Poor little BT is currently losing customers at an annual rate of 120,000. According to the latest industry estimates, cable could take as much as 9 per cent of the UK telecoms market by 2004, up from about 1 per cent now. By the end of the decade, there could be as many as 4 million cable telephone lines in the country.

That should provide at least some cheer to investors trading water with cable shares since the first UK issue, TeleWest, came to the London market last December. Of the three UK quoted stocks, only one, General Cable, is trading – just – at more than its issue price, and that is only because it was so radically down-scaled prior to the flotation.

With networks now much more extensive than a year ago, and the subscriber base growing steadily, it may finally be possible to expect a return on investment. Certainly General Cable, which yesterday unveiled results for the nine months to 30 September, is showing robust growth, with two of its three units in operating profit.

It may well be that valuations which looked fancy in the extreme when first thrust upon reluctant British investors are at the point when they begin to look at least reasonable if still not exactly good value. There are a few caveats, however. The biggest source of concern is the low penetration rates achieved by the leading cable operators. The industry average is barely over 20 per cent. Moreover, churn rates are well in excess of 30 per cent in many franchise areas, even if better marketing and tighter credit controls are beginning to bring the figure down at the better managed operators.

There are also doubts about how successfully pay-TV can entice viewers used to quality "free" television, and how long BT will allow cable companies to continue poaching freely from them. There is a point at which BT says enough is enough and puts in train a very aggressive round of price cuts to counter the cable threat. It has not been reached yet, but it isn't far off. Still protected by regulation from the entry of BT into the broadcasting market, and aided, as well, by Ofcom's tight controls on BT's pricing, the

operators have a very narrow window.

On balance, however, the betting is that the UK penetration rate will rise to a more respectable 50 or even 60 per cent by the end of the decade, closer to the level achieved in the US, fuelled in part by the introduction of such services as home banking and interactive shopping. Furthermore, the number of cable companies is likely to be greatly reduced by merger and acquisition to perhaps as few as half a dozen. The resultant economies of scale will help the survivors, among which the publicly quoted operators are bound to be counted.

Power bids decision too close to call

With Ian Lang's decision on whether to refer the PowerGen and National Power bids for regional electricity companies to the Monopolies and Mergers Commission little more than a week away, markets are working themselves up into a lather of speculation. We already know what both the electricity regulator and the director general of fair trading want, unless they have radically changed their stance after recent rebuffs. They are both in favour of referral. Apart from the DTI, so too are most government departments, with widespread scepticism of the claims being made in favour of vertical consolidation in this industry. Not an easy one to call.

Forge drop: Overstocking triggers cutbacks by European producers, taking shine off earnings growth

British Steel warns of slowdown as profits soar

TOM STEVENSON
Deputy City Editor

British Steel signalled the peak of the European steel cycle yesterday, warning that a slowdown in demand in the second half could lead to a cut in production. Despite the gloomy comments from the chairman and chief executive, Brian Moffat, however, the shares edged 2p higher to close at 159p as profits in the six months to September soared and the dividend was marked 50 per cent higher.

Mr Moffat said: "The last quarter has seen an easing of demand due to overstocking in customers' supply chains and, as a result, a number of European producers have recently announced a cutback in production to exert a steadying

influence on prices." His comments were confirmed by figures from the French steel federation, which showed a 2.8 per cent decline in production in October compared to 12 months ago, dragging back growth for the first 10 months of the year to less than 5 per cent.

The uncertain outlook took the shine off what appeared to be excellent profits growth, showing a jump in pre-tax profits from £159m to £550m, only £28m short of the total for the whole of the year to March. The results were the latest improvement in the company's rapid recovery from heavy losses in 1992 and 1993.

Earnings per share jumped from 6.49p to 19.3p and the interim dividend soared from 2p to 3p. Mr Moffat confirmed that

it was British Steel's intention to pay two-thirds of the payout at the final stage, implying a total dividend of 9p, compared to last year's 7.5p.

Mr Moffat described the softening of demand in Europe, which accounts for 86 per cent of British Steel's sales, as "a blip" and said the group would mitigate any downturn in prices by attacking other overseas markets. He added that underlying consumption of the company's products was still "reasonably good".

He said possible production cutbacks would not lead to large-scale redundancies or plant closures, but he refused to rule out job losses. Two months ago, the company shed 520 jobs after closing its seamless tube plant at Wednesfield in the Midlands.

Despite the slowdown in the market, British Steel is pressing ahead with a capital expenditure programme that will cost £400m this year, including spending at the Swedish stainless steel group Avesta Sheffield, a former 49.9 per cent associate that the company now consolidates following the acquisition of a further 1.1 per cent to gain control.

Mr Moffat confirmed that, although British Steel still operated in a highly cyclical industry, he believed the next downturn would be less severe than other recent slumps. He thought privatisation of previously state-owned European steel manufacturers would encourage more commercial attitudes in the industry. That and a marked reduction in capacity had reduced the risk of overproduction.



Brian Moffat: Softening European demand is 'a blip'

£100m stake for Louis-Dreyfus

JOHN SHEPHERD

Robert Louis-Dreyfus will personally hold a £100m stake in Adidas following the flotation of the German sports company in which he fronted a management buy-in two years ago. The flotation, the second-largest by a German company, has been oversubscribed 11 times. The 27.3 million shares on offer have been priced at DM68 (£30.56) each, right at the top of the expected range, which started at DM59.

Adidas is valued at DM3.1bn (£1.4bn) by the flotation price. Sogedim, a company controlled by Mr Louis-Dreyfus, will retain a 30.8 per cent stake, worth £424m, in Adidas. Mr Louis-Dreyfus owns 24 per cent of Sogedim, and has agreed not to sell any more Adidas shares for a year.

The scramble for shares was not confined to German institutions and nationals, who bought almost one-third of the shares on offer. UK institutions bought 20 per cent, and demand was heavy in America, home to two of the company's biggest rivals – Nike and Reebok.

Shares will be listed on the Frankfurt bourse, and they are also expected to be quoted on the SEAO International service offered by the Stock Exchange. A listing in Paris is also planned. Most of the money raised will be used to repay loans from venture capitalists, led by Credit Lyonnais, who funded the leveraged 1993 buy-in. The

original amounts loaned to Mr Louis-Dreyfus, a former Saatchi & Saatchi chief executive, and his co-investors, has never been disclosed.

The flotation caps an eventful few years for Adidas, which was in considerable financial trouble when it was run by Bernard Tapie, the disgraced former football manager and French politician.

Pentland Group, the UK sporting goods company that made hundreds of millions of pounds in the Eighties from an investment in Reebok, abandoned a £215m takeover bid for Adidas in 1992 when it uncovered "serious problems" after spending three months examining the books.

Adidas eventually reported a loss of DM135m for 1992 on turnover of DM2.7bn. However, the company's fortunes have changed sharply since then and in 1994 sales of DM3.2bn yielded taxable profits of DM151m.

The recovery has continued, and profits in the first six months of this year from sales of football boots, footballs and other sports kit exceeded the total for the whole of 1994 at DM160m.

Adidas, best known for its football boots, recently signed a sponsorship deal with Newcastle United, current leaders of the Premier League in England. Other sponsorships have been signed with the Olympic squads for Germany, France and Great Britain.

Wells Fargo raises offer for California rival to \$10.9bn

DAVID USBORNE
New York

Relaunching the most expensive hostile takeover bid in the history of American banking, Wells Fargo & Co yesterday increased its offer for its rival in the California market, First Interstate, by nearly \$900m to \$10.9bn.

First Interstate had rebuffed the original Wells Fargo bid, made on 13 October, and last week announced it had opted instead for a friendly merger with Minneapolis-based First Bank Systems worth \$10.3bn.

Either merger would represent the most expensive takeover ever between US banks,

surpassing the \$10bn price tag of the proposed Chemical Bank-Chase Manhattan combination. It is the hostile nature of Wells Fargo's approach that has most surprised the industry, however, which until now has been used only to friendly acquisitions.

In a letter to the board of

First Interstate yesterday, Paul Hazen, chairman of Wells Fargo, said: "Our offer is superior to First Bank Systems's and we believe it is too compelling to ignore."

Simultaneously, Wells Fargo is acting in the courts to challenge provisions in the proposed takeover by First Bank

that would entail large penalties if either side decided to pull out. Mr Hazen also warned that First Interstate shareholders would be solicited to vote in favour of the revised Wells Fargo offer.

Under its revised offer, Wells Fargo, America's 17th-largest bank and number two in California, would exchange roughly

two-thirds of one of its shares for each share of First Interstate stock, more than its original offer of five-eighths of a share. If it succeeds in consummating First Interstate, Wells Fargo, with 861 branches, could close many of the overlapping branches and cut costs by an estimated \$700m.

Thumper, Sally and Chipmunk come to market

NIGEL COPE

Thumper the bunny rabbit and Sally the scorpion are coming to market: the stock market, that is. In what must rank as one of the more unusual stock market listings of recent years, Pet City, a chain of 34 out-of-town pet shops is seeking a listing on AIM, the Alternative Investment market for smaller companies. Dealings are expected to commence next month.

In addition to the standard fare of budgies, gerbils and guinea pigs, the warehouse-style outlets also do a nice line in iguanas, tarantulas, chipmunks and other "alternative pets".

A tarantula "starter kit", including glass case, thermal heated pad (and tarantula) is available at £32.99. A chipmunk kit costs £99.99, while the more standard goldfish set is a bargain

£9.99. "We try and make our shops fun," says Richard Northcott, the chairman. "I defy anyone to bring a child and not buy anything."

Cats and dogs, however, are not sold. Customers are referred to breeders and rehabilitation centres instead.

Pet City is raising £10m from the float which should value the company at around £50m. It aims to spend the proceeds on expansion. The group is planning to open 300 of the 15,000 sq ft outlets by 2003 and capture a large slice of the fragmented pet shop market. The company made operating profits of £20,000 on sales of £45m in the 12 months to July but has been spending the bulk of its profits on opening new stores.

Mr Northcott says Pet City, similar to American stores Petco and Pet Mart, could become the pet equivalent of Toys R Us.



The creepy alternative: A tarantula 'starter kit' from Pet City costs £32.99. Photograph: Planet Earth

a "category killer" that becomes the destination shop for pet provisions. The UK pet market is worth £3bn a year and there are around 600 independent pet shops.

Pet City was founded in 1989 by Roger Pedder, now chairman of Clark's Shoes and Giles Clarke, Pet City's chief executive, who founded Majestic Wine Warehouses. Mr Northcott founded Dodge City (the DIY chain that was later renamed B&Q) which he sold to Kingfisher in 1981 for £20m.

"The pet market reminds me of the DIY market in the 1970s when there were no really big players," he says. However, the group will have to overcome strict planning regulations on out-of-town developments if it is to reach its expansion target.

Retail analysts were withholding judgement on the chain's prospects. "I suppose people might drive out of town if they can get things cheaper for their pets," one said. "But do people comparison-shop for lizards?"

Trafalgar House sheds 450 jobs at Davy

JOHN SHEPHERD

Trafalgar House, the financially troubled conglomerate, is making 450 staff redundant at Davy International, the oil-field engineering business bought in 1991. Most of the job losses are at Davy's site at Poole, Dorset, which is losing money and will be closed.

Davy has 1,250 staff employed at Poole and two other sites in Stockton in the North-east and Sheffield, Yorkshire. Sixty staff are being sacked at

Stockton and 75 at Sheffield. There are plans to re-locate up to 200 of the 430 staff at Poole, although the company expects only slightly more than 100 to take up the offer.

The redundancies form part of plans by Trafalgar, which also owns the Cunard shipping line and has interests in construction, to juggle the cost base and head-on. The financial cost and the eventual savings of the re-structuring at Davy, however, will not be disclosed until Trafalgar's group annual results are

released next month. Investors saw little in yesterday's announcement to change their negative views on Trafalgar, which is 26 per cent owned by Hongkong Land. The depressed share price eased 0.25p to 23.5p.

Michael Foster, chief executive of Davy, said: "It was essential to take action to secure the future of the business."

He added that in recent years Davy's cost base and operating structure had become inappropriate to the "highly competi-

tive environment in which it operated".

All the redundancies at Poole are full-time employees. The site principally undertakes design work for aluminium and steel rolling mills. Current work will be transferred to Stockton.

A spokesman said that competitive tendering world-wide for design work had become intense, particularly from German companies "who have been more successful than us". Davy had not won enough work "to cover costs".

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THE INVESTMENT COLUMN
Edited by TOM STEVENSON

Why BAA needs to spread its wings

BAA's results underlined the need for the UK airports operator to spread its wings to other parts of the world. It is not that the numbers were poor, but they did show the first signs of slowdown and highlighted the dangers of being exposed to the vagaries of one pretty mature market.

Pre-tax profits at half-way, up 10.9 per cent to £294m, were a shade on the low side and boosted by £9m worth of property disposals, as well as a higher rate of interest capitalisation, at £27m, than the market had expected.

The good news - apart from the 10 per cent dividend rise - was that the retail division continues to grow, with revenues up 5.8 per cent to £698m. Innovative marketing and the opening of new shopping outlets meant that income per passenger now averages £4.10, up from £3.96. Perfume sales from BAA's airports account for 20 per cent of the UK market, and a string of beauty centres is planned.

Passenger numbers in the first half rose 5.8 per cent, but the poor charter market for Mediterranean holi-

days and competition from the Eurostar train service took their toll. April's passenger growth was 11.6 per cent, but has slowed each month, ending with a 3.4 per cent increase in September.

Passenger numbers picked up slightly in October and BAA still believes it is on course for annual growth of 5-6 per cent, which looks achievable given the 8 or 9 per cent growth its largest customer, British Airways, is producing.

But other domestic pressures remain, such as delays to the possible construction of a new terminal at Heathrow; and the collapse of the Heathrow Express tunnel always raises concerns about additional costs to BAA.

Future growth hinges largely on international expansion, and here progress is slow. BAA has secured management control of Indianapolis airport in the US, but hopes of taking over some of Australia's privatised airports are on hold while the government settles political infighting.

Full-year profits of about £430m

British Steel gloom justified

It is tempting to look at British Steel's almost fourfold increase in half-year pre-tax profits, 50 per cent dividend increase, prospective 7.9 per cent yield and forward price/earnings multiple of 4 and draw the conclusion that the market has overdone the gloom in knocking the shares 16 per cent off their recent high in less than two months.

Tempting, that is, until you look closely at the chairman Brian Moffat's statement about second-half trading and realise that, while the European steel market is not headed for free fall, the best that can be expected is a two-year plateau before

recession sets in, perhaps in 1998. How often has an over-stocking blip, laughed off by over-confident company bosses, been the precursor of a full-blooded downturn?

Plainly, we are headed for the top of the steel cycle, even if more optimistic analysts believe this time will be a long flat peak followed by a less than usually severe slump thanks to the structural changes that have accompanied the move of much of the European industry from the state to the private sector.

That is the assumption lying behind British Steel's rapid acceleration of its capital expenditure programme, which at £400m this year matches the high rates of the late 1980s. Not everyone is as confident as Mr Moffat that late 1996 will be seen as the optimum time in the cycle for the company's Tuscaloosa plant in the US to come on stream.

It is a peculiarity of stock markets that the time to be most cautious about a share is when the owners are moving smartly in the right direction, but the sub-text of the chairman's comments is worrying. A

yield of almost 8 per cent is no good if the capital value of the shares falls even a small amount. Time to sell.

Sidlaw feeling the squeeze

This year's profits collapse at Sidlaw appears to vindicate those who questioned management's ability to handle the £79m acquisition of Court's packaging interests two years ago. That deal doubled the size of the company, turning a small Scottish mini-conglomerate into one of Europe's top five flexible packaging groups.

But since then the industry has been squeezed between soaring raw material costs and price deflation from its mainly food industry customers. The resulting pain apparent in Sidlaw's first-half results has continued into the second.

Pre-tax profits more than halved, from £14.7m to £7.27m in the 12 months to September. After a one-

BAA: at a glance

Market value: \$4.95bn, share price 485p

Five-Year record	1993	1994	1995	1994/95	1995/96
Revenue (£m)	285	322	366	265	294
Pre-tax profits (£m)	285	322	366	265	294
Dividends per share (pence)	16.0	18.0	10.12	3.75	4.13

Sources of revenue 1995

Share price, pence

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IN BRIEF

Carr's Milling shares rise on results

Shares in Carr's Milling, the agriculture, milling and engineering group, jumped 15p to 300p yesterday when it announced near-doubled profits for the year to September. Pre-tax profits leapt from £1.6m to £3m on sales up 14 per cent at £84.7m. The seven farm machinery branches produced record profit levels and fertilizer sales were also strong. Robertsons Bakers and the Dickinson Coffee Houses business were both sold during the year.

Cranswick lifts profits to £1.46m

Cranswick, the animal feed manufacturer, increased pre-tax profits by 11 per cent to £1.46m in the six months to September. Sales were up 18 per cent to £66m. The agribusiness division performed well in the first half and a new piglet feed factory was commissioned during the summer. Rising raw material prices are being clawed back through cost efficiencies rather than higher selling prices.

£32m property buy by Green

Dublin-based Green Property has acquired £32m of industrial property from Standard Life in a joint venture with GE Capital. The portfolio produces £4.2m a year in rent and consists principally of five industrial estates in London.

House of Fraser director appointed

House of Fraser, the department store group that includes Army & Navy and Dickins & Jones, has appointed Rebecca Sharp as group merchandise director. Ms Sharp, 46, was previously senior vice-president and general merchandise manager at Neiman Marcus, the Dallas-based group of department stores.

COMPANY RESULTS

	Turnover £	Pre-tax £	EPS	Dividend
BAA (p)	688m (688m)	294m (294m)	21.5p (19.2p)	4.12p (3.75p)
British Steel (p)	3.61bn (2.82bn)	550m (150m)	19.20p (6.40p)	3p (2p)
Carr's Milling (p)	85.8m (80.7m)	3.0m (1.6m)	29.1p (14p)	8.5p (6.2p)
Crickley (p)	20.0m (17.2m)	2.95m (2.35m)	14.5p (12.3p)	3.5p (3p)
Cranswick (p)	66.5m (56.2m)	1.46m (1.31m)	7.2p (6.1p)	2.6p (2.45p)
Lancaster Industries (p)	6.40m (4.35m)	1.73m (0.91m)	8.2p (5.5p)	4p (3p)
Renold (p)	87.3m (70.5m)	8.1m (4.6m)	8.6p (5.3p)	2.5p (1.2p)
Sidlaw (p)	273m (280m)	-0.11m (14.7m)	-1.7p (20.2p)	11.9p (10.5p)
James Smith (p)	2.12m (1.65m)	1.51m (1.33m)	4.8p (4.1p)	1.87p (1.7p)
Intely Care (p)	2.88m (2.01m)	0.22m (0.31m)	6.9p (14.8p)	1.5p (1.5p)
Utility Cables (p)	79.5m (54.2m)	5.0m (4.2m)	2.41p (1.84p)	0.39p (0.64p)
Wardle Storage (p)	94.9m (79.8m)	7.16m (8.20m)	18.8p (23.5p)	17.25p (17.25p)

(p) - Profit (p) - Income (p) - Nine months

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Nigeria fuels prospect of a sharp fall in oil price



ECONOMIC VIEW
HAMISH McRAE

Suspension from the Commonwealth is one thing; an oil embargo is something else. The first was easy and swift to accomplish, for it simply required a vote, and there are few costs imposed on the other Commonwealth members. The second would also only require a vote, though at the UN rather than the Commonwealth, but to make it effective would need a high degree of agreement by all the large consumers of oil. It is a pure political judgement whether that consensus exists.

We will see. Meanwhile there is an economic judgement to be made: what impact might possible sanctions against Nigeria have upon its oil exports? It matters because the outrage at Nigeria's action coincides with great tension in the oil market. Put at its simplest, the clear possibility facing the delegates at next week's Opec meeting is that the oil price might fall sharply. If that were to happen, Nigeria would be one of the main causes of the collapse.

The oil story runs like this.

The key is how restrained Opec will be in its production

Since the last Opec meeting in June the oil price has been stuck in the \$17-\$18 range. Low US stocks and higher demand have balanced higher production from non-Opec producers. Looking ahead, consumption will creep up, but so too will non-Opec supplies. The key therefore is how restrained Opec will be in its production, and whether Iraq will disrupt the market with another embargo-busting oil sale.

In recent months two main Opec members have pumped above their quotas, Venezuela and Nigeria. (In addition Saudi Arabia has been producing more for winter storage, but this is not counted as supply until it is sold.) To hold oil prices in their present range, therefore, requires not just a continuation of present production, but for Venezuela and Nigeria to cut back and for Saudi Arabia to drop production as it runs down the winter stockpile.

The judgement of many oil analysts for some weeks has been that the oil price might fall out of its present trading range. For example, writing ahead of the executions in Nigeria, JP Morgan in New York was warning of a 50/50 chance of just such a fall. Its judgement has been that without cuts by Venezuela and Nigeria the rest of Opec would increase production, however strong the rational case for holding back supply to shore up the price. Its estimates of the supply/demand balance for Opec crude (world consumption less non-Opec production) is shown in the charts.

If Opec next week cannot persuade its members not to cheat on their quotas, the only issue is how higher production is accomplished. A unilateral increase by the countries which have lost most market share (those who have adhered most closely to their quotas) could push prices below the \$15 point before some recovery took place; an organised quota increase agreed at the meeting, on the other hand, would result in a fall to perhaps \$16 a barrel. If, looking further ahead, Iraq negotiates some deal, the price would be weaker still.

This 50/50 outlook is undoubtedly changed by the Nigerian executions. In the long term there is the possibility

ity, no more at this stage, of an oil embargo on Nigeria. Were that to happen, it would of course underpin the price in just the same way that Iraq's exclusion from the world oil market has done. In the short term, however, the hostile world reaction to the executions may encourage Nigeria to increase its production – to over-produce to an even greater extent than at present. That oil will find its way on to the world market whatever the reaction of Western consumers. Other Opec members, already angry at Nigeria, will be in little mood to accommodate it now.

Let's accept as a starting point that JP Morgan position of a 50/50 chance of a sharp fall in the price. The balance of probability therefore seems to me to have shifted further towards a fall. The profile of that decline is hard to call, but if this argument is right it is now odds-on that the oil price will be, say, 10 per cent lower next spring than it is at present.

This may well coincide with a similar fall in commodity prices. Non-oil commodity prices reached a peak in February this year and have come back about 5 per cent on average since then. Softer-than-expected growth in the OECD countries will hold back prices further.

Some calculations by HSBC Markets suggest a further fall of 10 per cent between now and the end of next year. Even if growth does pick up, HSBC still expects some fall, and this despite a rise in demand from non-OECD countries.

Put these trends in the oil market and the commodity markets together and the surprises seem likely to be on the downside. Result: lower world inflation next year than is currently factored into world markets.

What might upset this? There seem to be two main unknowns. First and most obvious is the reaction to the Nigerian executions. If an oil embargo were agreed and if it were supported by reasonable discipline among the other Opec members (so that they did not swiftly "use up" Nigeria's quota), then it is quite hard to see the fall in the price suggested above.

But as non-Opec supply inexorably increases and the Opec share of the market is compressed, it is equally hard to see a surge in the price sufficient to

These trends could result in lower inflation next year

generate a sharp rise in world inflation. And eventually Nigeria would return to the fold, as will some day Iraq.

The second unknown is the demand on all commodities, including oil, from rapid economic growth in East Asia.

The region is resource-poor, and there is no sign yet of growth tailing off. We are talking about at least another generation of very rapid growth before it pulls back to the 2-3 per cent growth rates of Europe and North America. So there will be a strong underlying demand for resources, which may eventually reverse the long decline in commodity prices.

But this is all a long way off. In the next few months the balance of probability is for lower oil and commodity prices, and that equation was tilted a little further by the sad events in Nigeria last week.



Victor Obugu: Adding another prop to business interests

Simon Pincombe CITY DIARY

Blair's trail baffles the pundits

Tony Blair's royal walkabout at the Confederation of British Industry barn dance had Walworth Road watchers puzzling over the political message behind it.

Meandering around the exhibitions, the Labour leader's visit to the Rover stand (proprietor BMW) was swiftly followed by one to the Engineering Employers Federation, the Department of Education and Employment, British Rail's London development unit and a firm of consultants. All standard stuff.

But then came the Royal

Society of Sculptors (hogging sculpture to business) and Lambeth Council, which has set up shop with the Brixton Project. Heather Rabatts, chief executive of Lambeth, once the looniest left council, was braving the lion's den with Bernadette Marjoram, chief executive of Brixton Challenge.

Then it was to the Royal Society for the Protection of Birds' butterfly conservation project stand, (seriously, they're raising money from business) before saying hello to the British American Business Council, the Volun-

teer Reserve Forces and a brief word with Michael Perry of Unilever on the way out. Make of it what you will.

Robustly defending his controversial deal with BT's Sir Iain Vallance to provide public access to the information superhighway Mr Blair was rudely interrupted by the inevitable mobile telephone, which jangled into life somewhere in the audience.

"That may be the chairman of BT on the phone there – I hope I got this right," quipped Mr Blair.

Another myth shattered. Barings, the merchant bank that once turned down a potential employee "because his tie looked too complicated" reveals that it is not the Oxbridge enclave that has been thought. Three-quarters of the bank did not go to the universities; a Barings source claims, offering the clearest indication as to why the Cazenove talks failed.

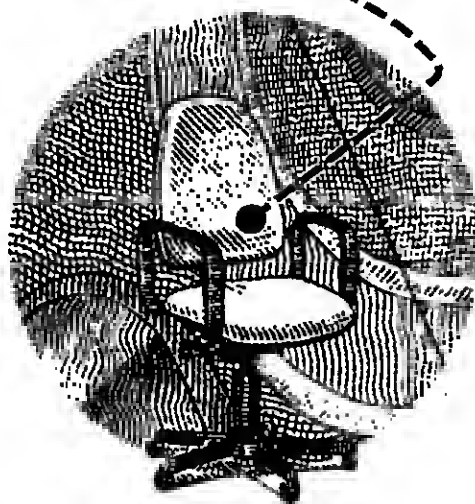
Now safely in the bosom of the Dutch, the bank intends to introduce the most efficient, low-cost settlement system ever. One was under the impression that it had already achieved this – they don't come much cheaper than Nick Leeson's one-man settlement system.

Much admired by executives visiting the West Coast (it has a fax machine in every room) there has nevertheless been something not quite right about the Beverly Prescott Hotel. And we are not talking about the Jerry Garcia suite, which houses some of the musician's drug-induced works of art. Rather it is the frequent appearance of guests who look like they have been subjected to unspeakable violence.

All can be revealed at last. According to local taxi drivers the sixth floor of the hotel houses a rehabilitation wing for patients recovering from cosmetic surgery.

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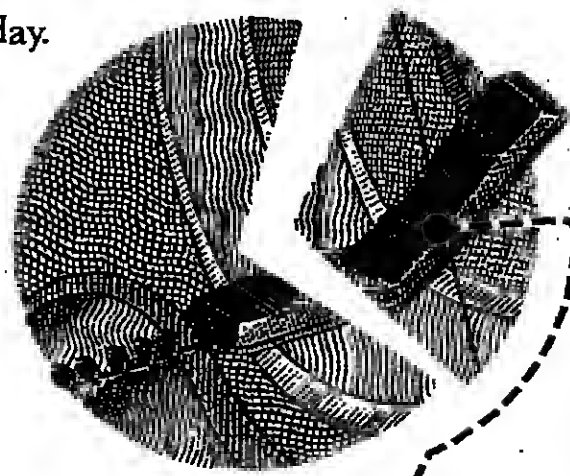
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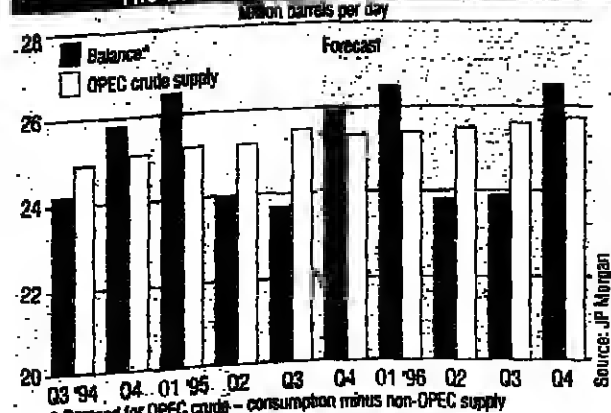
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The balance sheet in the oil market



15
18

The team bound to be at the head of the field are Williams and Hill knows he cannot afford to misdirect what might be a final shot at the title. He has the car and he now has the experience to help carry him over obstacles - actual or imagined - within his camp.

One barrier will come in the shape of his new partner, Jacques Villeneuve, another ambitious tyro, but Hill has the momentum to leap clear. Follow suit the Great Race back to the starting line.

■ Mika Häkkinen, who suffered severe head injuries in practice for Sunday's Australian Grand Prix, has been released from intensive care. He is expected to remain in hospital for another week.

1.40: 1. LUCKY AGAIN ;T Dascorbie) 9-
2; 2. Victory Anthem 9-2; 3. Paper Star
2ms fav. 4 ran, 20, 2. IC Popham,
Tauroni. Totals: £5.40. DF: £11.40. CSF:
£18.15. Only three finished; revised penalty
value £3,800.

2.10: 1. WALKING TALL ;A McCoyle 4-
1; 2. Cool Spot 9-2; 3. Fresh Choice 7-4
fav. 8 ran, 10, 15. T McGovern, Harwards
Heath. Totals: £5.20; £1.50, £1.50, £1.30
DF: £11.70. CSF: £21.17.

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N. ABBOT **101/201/301**

Howard Johnson, who handles **Marcelli**, is also praying for rain for his gelding. "I'd like him to run if it rains as he's been ready to go for three weeks, but I won't

N. ABBOT	101	201	301
WETHERBY	102	202	302
LINGFIELD	103	203	303



In the event it was 1985, with St Jack's era still a year away and Eoin Hand at the helm, before he received his chance as substitute for Mark Lawrenson against Italy in front of what seemed like "a million people" at Dalymount Park. The world champions won 2-1, but the newcomer started against England at Wembley a month later.

The Republic held on, and the party at the team's Stuttgart hotel went on until the small hours. Players supped freely with fans: something few other international sides, if any, would countenance.

Epic as the clashes with England and Italy were, the match that stands out for McGrath among the 78 to date was fought out in less glamorous surroundings. Needing to avoid defeat by Northern Ireland

er was to oblige the great Eusebio, he is unlikely to relinquish it so readily in Lisbon. It will, after all, be something to show the other Paul McGrath when dribbling begins to take on a new meaning.

Jon Culley

public of Ireland gain at least a draw against Portugal, the

wich's Darren Eadie and Dean Gordon of Crystal Palace (both

**Under-21 teams,
Sporting Digest, page 27**

33-year-old Everton midfielder has a chest virus.

Cup first round second leg: Emh and

SHOOTER: Benson and Hedges, Ch...

Wales yesterday lost their captain, Barry Horne, when he became the latest player to pull out of the trip to Albania. The

SNookER: Benson and Hov...

SHOOTER: Benson and Hedges, Ch...

TENNIS: Taraco Women's Cha

TENNIS: Toraco Women's Challenge (Edinburgh).

Welsh players and administrators seem to feel the deprivation caused by the loss of annual matches against English clubs

The League system has undoubtedly done a lot for English rugby. Whether it has done anything for the game in Wales is more questionable. The Courage League has matched clubs that were not on visiting terms, such as Harlequins and Wasps – and, incidentally, exposed the claims of some northern and Cornish clubs that they were the subject of unfair discrimination by the selectors. The Heineken League, by contrast, has served mainly to demonstrate how thin the available talent in Wales is spread.

There is something else. By this time in the season, in pre-League days, Cardiff, Llanelli and Swansea would have visited Twickenham or Old Deer Park to play Harlequins or London Welsh (for Twickenham

rather than the Stoop, was then the Quins' principal pre-Christmas ground). In addition, the last two Welsh clubs, together with Neath, had fixtures with Richmond until Llanelli's annual visit was called off after the Raking-of-Ralston episode of 1978 (where, oddly enough, the guilty party was an Englishman playing for the Welsh club).

Welsh players and administrators seem to feel the deprivation more keenly than do their English opposite numbers. There is now a recommendation from the Rugby Football Union that, out of a First Division of 10, the top four clubs should participate in a European tournament and the bottom six in an Anglo-Welsh competition.

In my opinion, this is a pointless

proposal. Who is going to take such a contest seriously if it excludes Bath, Harlequins, Leicester and Wasps and, on the Welsh side, Cardiff, Llanelli, Pontypridd and Swansea?

This, of course, is to assume that the Welsh fall in with the RFU. It seems they have not been consulted. The RFU appear to have come up with a succession of ideas out of the hat, for all the world as if they were a kind of rugby think-tank – or, come to that, a collection of columnists – rather than a responsible organisation with obligations towards players, supporters and equivalent bodies throughout the world.

My object here, however, is not to analyse the whole of the report which was published just under a



ALAN WATKINS
on rugby

week ago. That can wait. It is, rather, to point to the effects of the exclusion of Wales from England and England from Wales.

It is always as well for columnists to come clean. One effect is that I

am not as well-informed about Welsh rugby as I was a decade ago. By this stage of the year I should have observed, playing for the principal clubs, about three-quarters of the contenders for places in the national side. Instead, over the last three years, I have, as far as Welsh rugby is concerned, seen most of the internationals at Twickenham and watched Cardiff, together with Swansea's matches against Australia and South Africa. The rest of my recent knowledge I have derived from Rugby Special.

Now this programme, whatever its deficiencies – the principal of which is that, since it was formed out of independent producers, it has been overtaken by a compulsive, giddy silliness – has nevertheless been more

than fair in the share it allots to Welsh rugby. Indeed, the more dyed-in-the-wool English supporters might justifiably complain, in much the same spirit as I switch off (sometimes metaphorically, more often literally) when Hawick are playing Gala.

Instead of complaining, however, English supporters say to me: "As your club rugby is so good, as we see on Rugby Special week after week, how is it that the national side are so bad?" The answer, so I am told by friends who watch Welsh rugby week after week, is that the clubs are just as bad as the national side. Television, through skillful cutting, makes them look better than they are.

The Welsh side on Saturday did

not look better than they were because I watched them uncut. For myself, I echo George Formby's song: "Things Might Have Been A Great Deal Worse."

My view is that it is folly for Kevin Bowring (who looks like being appointed coach on a long-term basis) to look ahead four years to the World Cup. Jack Rowell can do so because he has past success to bolster him and the side. Bowring's first task is to restore self-confidence. This means playing the best players, not only Iwan Evans, but Robert Jones and Jonathan Davies. I should put Davies in the centre, retain Justin Thomas at full-back and give Arwel Thomas, now of Bristol, formerly of Neath, a go at outside-half.

Springboks make all the right noises

Rugby Union
STEVE BAILE

If Kobus Wiese throws a punch at an Englishman at Twickenham on Saturday like he did at a Welshman in September, it will very likely be the end of his Springbok career. It is a salutary warning for the 184 lock before South Africa conclude the year which climaxed by winning the World Cup in June.

But the South African management have such faith in their man that when they arrived in

London from Italy yesterday they would not so much as contemplate the possibility. "I would put my reputation on the fact that we will live up to our code of conduct," Morne du Plessis, the team manager, said last night.

"We feel sufficiently confident that he will not do it again – that's why he has been selected." After Wiese floored Derwyn Jones in the South Africa-Wales game in Johannesburg he was fined £9,000 and suspended for 30 days, an absence only nine days longer than that enforced on the unfortun-

nate Jones because he had been concussed.

"He was punished – and punished severely. He missed a lot of Transvaal's Currie Cup. I hope that will be sufficient deterrent." Missing Transvaal games these days means losing out financially, and with some Springboks said to be on £140,000 for a year's Test rugby the disciplinary imperative has never been greater.

The Ellis Park incident was an unfortunate postscript to the World Cup, which for the Springboks reached its low point at the battle of Port Elizabeth against Canada. "In a moment of madness at Boet Erasmus we let ourselves down," Du Plessis said. "We regrouped and went through to the World Cup final without further incident but we possibly lost the emphasis again when we played Wales. We reminded ourselves of our commitment to discipline and we will work on it all the time."

By choice the South Africans are in a West End hotel with none of the peace and quiet touring teams usually crave. Immediately on arrival they took themselves off for a run in Hyde Park and this morning they are training at the Honourable Artillery Company Ground in the City of London when the team will be finalised from the 21 who are here. On Sunday the Springboks beat Italy 40-21 in Rome.

England's selection, meanwhile, has created some confusion among those charged with dictating South African tactics, because the absence of Dean Richards, Brian Moore and especially Rob Andrew makes the English attacking pattern far more difficult to predict. "If I must rate the England side now, I think they are more dangerous," François Pienaar, the captain, said.

RFU in talking mood

Right now the Rugby Football Union has so many antagonists that it has a vested interest in believing it is good to talk and Tony Hallett, the Union's secretary, believes yesterday's talks with Sir John Hall have averted the threat of legal action, writes Steve Bale.

Now that the Welsh interests control Newcastle RFC, Sir John has his own vested interest in removing the RFU's 120-day qualification for transferred players. He is impatient to accommodate Rob Andrew, Dean Ryan, Steve Bale, Tony Underwood, Daddie Weir and Gary Armstrong in his side.

Hence the legal threat, which the RFU considers carries no weight as long as its moratorium on professionalism exists, ie, the rest of the season. "He speaks in uncompromising terms about the future of rugby, but this is leavened by a wish to see only the best for the game," the embittered Hallett said after the meeting. However, he did add: "The registration regulations for this season must remain, as the RFU has already stated."

Newcastle would also prefer to avoid relegation from the Second Division, an eventuality increasingly contingent on whether the National Clubs' Association, of which they are a member, agrees that there should be no move when the division is expanded from 10 to 14 clubs. So far, the NCA has been unable to reach an agreed decision.

David Sole, the former Scotland captain, is being carpentered by the Scottish Rugby Union for remarks about the referee that followed Melrose's win over Edinburgh Academicals on Saturday. A series of penalties awarded against Accies by Colin Henderson, a Borders referee, culminated in the winding try in injury-time.

"That was tantamount to cheating," Sole, these days the Accies coach, said after the match. Initially, the Union is to write to him demanding an explanation, though yesterday Sole was unrepentant. "Having had time to reflect, I still feel we were cheated of victory."

Davis Cup goes to Newcastle

Tennis

Britain will open their 1996 Davis Cup campaign against Slovenia on an indoor court at the Castle Farm Tennis Centre, in Newcastle, from 3-5 May.

It is the first time that the venue has been used for a Davis Cup tie, though the Centre has staged an ATP Challenger tournament for the past three years.

The tie, to be played on carpet, will be a first-round match in the Euro/African Zone Group Two, which Britain, with Greg Rusedski and Tim Hen-

man in their squad, are expected to win next year.

To gain promotion to the Euro/African Zone Group One, Britain must beat Slovenia, then either China or Malta away in July and probably Egypt at home in September.

Steffi Graf claimed her eighth title of the year when she survived a strong challenge from the unseeded Lori McNeil to win the Advanta Championship final in Philadelphia, 6-1, 4-6, 6-3.

Graf, who won the French Open, Wimbledon and the US Open, said: "It's the best year I've ever had, even better than

in '88 when I won the Grand Slam. The competition is better now. There are difficult tournaments, difficult circumstances this year."

Thomas Muster and Michael Chang reprise their French Open final on the opening day of the ATP World Championships, which begin in Frankfurt today.

Other confrontations in today's round-robin group matches, featuring the world's top eight players, are the world No 1 Pete Sampras against Yevgeny Kafelnikov and Boris Becker against Wayne Ferreira.



Shane Warne celebrates taking the wicket of Salim Malik in Brisbane yesterday. Photograph: Reuters

Warne completes the rout of Pakistan

Australia 463
Pakistan 97 and 240
Australia win by an innings and 126 runs.

Shane Warne returned the best match analysis by an Australian bowler against Pakistan on home soil as Mark Taylor's men completed a resounding victory on the fourth day of the first Test in Brisbane yesterday.

Warne added four wickets to the seven he took in Pakistan's first innings to finish with 11 for 77 and, inevitably, the Man of the Match award.

Resuming on 197 for 3 and still needing to score 169 to make Australia bat again, Pakistan lost their last seven wickets for 43 runs in just under one hour. Inzamam-ul-Haq, who began the day on 56, added just

six before he lofted a ball from Mark Waugh to Craig McDermott at mid-off. That was the beginning of the end for Pakistan, with not one of their last six batsmen able to reach double figures as Warne mopped up the tail.

Warne claimed he struck a blow for justice after dismissing the former Pakistan captain, Salim Malik, for a duck. It was the pair's first confrontation at the wicket since the Australians accused the Pakistani of offering bribes to throw matches in a 1994 tour of Pakistan – a charge strenuously denied by Salim and rejected by Pakistan cricket authorities.

Warne said: "I really enjoyed taking his wicket for obvious reasons. I think the dismissal shows there is justice in the game."

McGrath makes maiden century

Pakistan Cricket Board XI 301 and 67-4; England A 355

Anthony McGrath, the 20-year-old Yorkshire batsman, hit a maiden century against the Pakistan Cricket Board XI in Lahore yesterday.

Richard Stemp, his Yorkshire team-mate, was his partner in a last-wicket stand of 64 after McGrath, in only his seventh first-class game, had been on just 56 when the partnership began. McGrath, 26 overnight, had reached 54 by lunch but when Dean Headley was bowled first ball to leave England A 291 for 9 he cut loose, driving Shaoh Akbar over extra cover for six and

pulling and cutting him for several other boundaries.

With Stemp supporting stubbornly, McGrath worked his way steadily through the nineties and neither did he let a sore right knee bother him, despite the fact he was limping quite badly throughout the second half of his innings. He hit two sixes and 11 fours in a 301-ball effort that spanned almost five-and-a-half hours.

McGrath said: "To get my maiden hundred in England colours is a fantastic feeling. My knee has been troubling me off and on for about a year-and-a-half and I will have a scan done when I get home. It's not really a big problem, though."

Immediately after the match, Australia announced an unchanged side for the second Test, starting in Hobart on Friday. Wasim Akram, the Pakistan captain, said: "We made some mistakes in the game but we will definitely come back stronger and fitter in Hobart."

(Third day of Test: Pakistan CB XI won 301-85; England A 355. Australia 463, Pakistan 97 and 240. Australia win by an innings and 126 runs.)

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Bowling: McGrath 11-0-62-11; McDermott 25-7-48-6; Reiffel 15-4-17-1; Stemp 27-5-10-54-4; M Waugh 2-1



Jack Charlton, the Republic of Ireland manager, calls him the best player in Britain. Phil Shaw talks to Paul McGrath

Taylor resigns amid growing discontent

Football
PHIL SHAW

Wolverhampton Wanderers will today begin wrestling with the dilemma of whether to go for an experienced old hand or an inspirational younger man to succeed Graham Taylor, who bowed to public hostility yesterday by resigning as manager of the First Division's big spenders.

Following Sunday's 0-0 draw with Charlton, which left the pre-season promotion favourites in 18th place and sparked an anti-

Taylor demonstration outside Molineux by several hundred fans, the 51-year-old former England manager spent the morning in talks with the Wolves chairman Jonathan Hayward. Taylor was only 20 months into a three-year contract, and it is believed the pair discussed details of a financial settlement.

After four hours, both Taylor and the club secretary, Tom Finn, emerged to make terse statements. Finn, with masterful use of euphemism, explained that Hayward had "informed Mr Taylor of the board's concern over the team's perfor-

mances and position", after which Taylor "tendered his resignation in the best interests of the club".

Taylor, alluding to the abuse directed towards him by some supporters, then said: "This is sad because it has as much to do with matters off the pitch as those on it. Obviously the team have not been playing well. But, only 13 weeks into the season, we are still in all competitions. Our recent run of two defeats in 13 games is not as bad as our sterner critics claim."

"A return of confidence among players who last year en-

abled Wolves to have their best season for over a decade is of prime importance. If it does return, I see no reason why promotion cannot be gained this season. However, a team cannot gain confidence if the board and a section of fans do not have confidence in their manager."

This time last year, Wolves led the table, only to finish fourth and miss out in the play-offs. Despite an overall outlay of £7.5m on players, Taylor has been unable to take them higher than 12th this season. The relative success of two local rivals, West Bromwich Albion and

Birmingham, added to the pressure on him, and Taylor admitted before what proved to be his swansong that there was an "undercurrent of feeling" against him.

His assistant, Bobby Downes, will take charge on a caretaker basis, but it is not a serious contender in the long term. Prior to appointing Taylor, Wolves' owner Sir Jack Hayward considered offering the job to Bryan Robson, and may now be tempted to take a chance on such a figure, perhaps even a player-manager.

If so, the names of Steve

Bruce, Stuart Pearce and Chris Waddle are likely to figure strongly in his thoughts, although there may be an internal candidate. John de Wolf, the 32-year-old Dutch defender Taylor signed from Feyenoord last December, now rivals Steve Bull in the affections of supporters and was the only player applauded off the pitch on Sunday.

In his programme notes, Jonathan Hayward hinted at a wider role for de Wolf: "He may yet pull this team from the edge of the cliff by the scruff of his neck into the land of milk and honey."

Should Wolves seek a more

tried and trusted figurehead, Ron Atkinson would be an obvious choice. Having served as an apprentice at Molineux, under Stan Cullis, Atkinson may find the attraction mutual. He also has the left-out in his current post at Coventry of having installed a ready-made successor in Gordon Strachan.

Meanwhile, among compromise candidates touted in the Midlands last night were Danny Wilson, the Barnsley player-manager, Huddersfield's Brian Horton and Millwall's Mick McCarthy.

Taylor's credibility gap, page 26

Collymore says he is sorry over outburst

NICK DUXBURY

Stan Collymore yesterday emerged from the headmaster's study to apologise for letting down the school by going into print about his unhappiness at the Anfield academy.

Collymore, at £8.5m the most expensive player in Britain, had a two-hour meeting with the Liverpool manager Roy Evans to discuss comments made to the magazine *FourFourTwo* in which the player said he would rather quit football than spend two years in the reserves.

The outcome was a statement read out by Evans, who was criticised by the striker in the article - that Collymore "would like to take this opportunity to apologise to everybody connected with Liverpool Football Club, including the supporters, for what on reflection has proved to be a damaging article. The interview was given in good faith to a professional journalist but I feel the essence of our interview and my feelings towards Liverpool Football Club and the game in general did not come across in the manner in which I intended."

A chastened Collymore is now "determined to share in and be a part of the future of this great club" and is looking "forward to sharing many great moments together."

Evans insisted that the matter would be dealt with internally and the player has not been transfer-listed. He refused to say if Collymore faced disciplinary action.

Paul Ince is to meet Massimo Moratti, the president of Internazionale, today and unless the former Manchester United midfielder spells out his commitment to the Italian giants he could be on his way to either Newcastle or Arsenal.

Tomas Brodin yesterday denied that his transfer to Leeds United from Parma was signed and sealed. Parma said on Sunday that officials from the two clubs met for seven hours on Friday and that an agreement was on the cards.

"I don't know why they said that," Brodin said. "First, the clubs are not yet in agreement. Secondly I have not yet fixed up with Leeds."

Bill Fotherby, Leeds' managing director, also refused to confirm that Brodin was on his way to Elland Road. "My report will go before the board of directors and we will discuss it," he said.

Bolton have dismissed reports that the striker John McGinlay is on the move to Celtic. "We've heard about interest in McGinlay, but it's pure speculation," Roy McFarland, the Wanderers manager, said.

Police to examine Gascoigne incidents

GLENN MOORE

Football Correspondent

The legal and media glare was lifted from Terry Venables yesterday - but it did not give the England coach any joy. The spotlight moved to his favourite son, Paul Gascoigne, who looks set to go into tomorrow's friendly international with Switzerland with the prospect of a police investigation hanging over him.

The procurator fiscal in Scotland has asked Strathclyde police to examine "certain incidents" in Rangers' league match with Aberdeen on Saturday. TV evidence appeared to show him head-butting the Aberdeen defender John Inglis in the chest and making contact with his elbow with Paul Bernard, who needed five stitches in a chin wound. Gascoigne was not booked, but the referees' supervisor will be supplying a report to the Scottish Football Association.

The police inquiry will not necessarily centre on Gascoigne. In a rugged encounter other players, from both sides, were also involved in controversy.

The police involvement comes just weeks after a three-month jail sentence on Duncan Ferguson was confirmed by three appeal judges in Scotland. Ferguson was charged with assault after head-butting John McStay, then of Raith, while playing for Rangers.

Rejecting Ferguson's appeal, Scotland's most senior judge, Lord Hope, the Lord Justice General, said the courts had no

wish to intervene in contact sports where "some measure of aggression" was part of the game for player and spectator. But he went on: "When acts go well beyond what can be regarded as normal physical contact and an assault is committed, the court has a duty to condemn and punish such conduct. It has to be made clear both to players and to the public that such criminal acts cannot be tolerated on the field of play, any more than they can be tolerated in any place in this country."

"A footballer who assaults another player on the football field is not entitled to expect leniency from a court just because the incident occurred in the course of a football match."

The news capped a bad day for Gascoigne, who injured his knee during training at Bisham Abbey. The knee was heavily strapped and, although Gascoigne finished the session, his participation tomorrow depends on how quickly he recovers.

Gascoigne admitted yesterday that the pressure of being Scotland's biggest celebrity was getting to him. "I feel everybody is watching me. I am in the papers every day. I do not know what they would write about if it was not for me."

"I have never been in a pub, or for a night out, in Glasgow. The lads say 'Come out', but I say 'I'll spoil it for you'. I have just been in the hotel for two months. I did not expect it to be like this."

That the attention should come as a surprise to Gascoigne is a mystery. A brief word with McCoist or Ferguson - neither



Pressure points: Paul Gascoigne receives treatment from David Butler, the England physiotherapist, after injuring his knee while training yesterday; (right) one of Saturday's controversial incidents. Main photograph: David Ashdown

of whom are as high-profile as Gascoigne - would have told him what life as Rangers' most famous player would be like.

Of Saturday's match, Gascoigne said: "I had a bad press but no-one mentioned that I was spat at and punched. I had to have the doctor look at my ribs and sides. I do not say anything about that. I just get on with it - it is not worth complaining. I get sick and I give it out."

"It was worse because I played up front, which I do not prefer. And I got fed up because the ball was not coming through - I should have gone looking for it."

While understandable, Gascoigne's response is worrying. He will suffer similar provocation during the European Championship next summer and, if he cannot cope with it, England may find themselves playing with 10 men.

"He is going to be a target, he always has been, it is part of the game," Venables said. "He has got to handle it. He has the experience to do so and, in the main, he handles it well. There is going to be the occasional lapse."

"He is not someone who can be kicked out of a game. Some talented players, you give them

a 'tap' early on, and they slip out of the game. Not Paul. He is mentally and physically tough."

Gascoigne had seen Venables on Sunday night, when he rejoined the England squad, to explain Saturday's events. Yesterday he added: "I am putting myself under too much pressure. Gascoigne said he felt unduly nervous before the game because he felt a burden of responsibility to Rangers after their recent defeats in Europe and the Scottish Coca-Cola Cup."

One by-product of his goldfish bowl existence is that Gascoigne spends most evenings

working out in the gym, or going on long runs. "It is better than eating sandwiches or having a pint," he said. Ironically he thinks he may now be overdoing it. He said he was "shattered" on Saturday and will have to learn to pace his training better. Over-training may be a factor in his constant niggling injuries.

England's only other fitness doubt is Gary Pallister, who did not train yesterday after suffering a migraine at the weekend. Rob Jones is already out, with a viral infection, but Gary Neville was expected to return to right-back in any event.

England in disorder as first Test approaches

Cricket

MARTIN JOHNSON
reports from Johannesburg

Johannesburg lies 6,000 feet above sea level, although whether the air in this city is any thinner than England's prospects of making a winning start to the Test series in neighbouring Pretoria on Thursday is a moot point.

After leaving the gas mark nine temperatures of Kimberley, it is no longer possible to boil a kettle on the pavement, but the top of the chairman's head would be a passable alternative. Raymond Illingworth is not a dapper man, and spent most of last night saying so at a team meeting in the England hotel.

If a Test series equates to a horse race, England normally have only one leg inside their jodhpurs by the time the opposition is cantering towards the home stretch, and no one knows better than their captain how crucial it is to get away to a decent start.

Michael Atherton has previously been on four overseas tours with England (Australia 1990/91 and 1994/95, India 1992, West Indies 1993) and on no occasion has he arrived at the venue for the third Test match with the scoreline reading anything other than 0-2.

In fact, when he made his debut against Australia in 1989, he came into the side with England

losing 0-3 after four Tests. That was at Trent Bridge, when another current player making his debut was singled out for special praise by Ted Dexter after taking 1 for 166. Malcolm Devon, as he was known then, also got things back to front in Kimberley, and entertaining though his 48 not out might have been, his bowling lacks any spark.

Apart from Angus Fraser's impressive performance in South Africa's second innings, it was pitiful to see - despite the extreme heat - a so-called international attack unable to bowl to its field, and keep the ball consistently on one side of the wicket.

On good batting pitches, this is as essential as top-order batsmen making sure they cash in after getting a start. England's, to a man, failed to do so, and the batting and bowling in Kimberley mirrored the lack of discipline which has betrayed so many recent England sides. When the going gets tough, England's toughest head for the bannock.

It is enough to make you wonder whether there is any point in England going on tour with batting and bowling coaches. John Edrich virtually had to be belittled from the crease when he was playing Test cricket, yet during a moment of crisis last Saturday, Graham Thorpe's stumping gave the impression that he had not so much been paying attention to

Edrich, as studying charging rhinos at a South African game park.

If it seems a little premature to start fretting before a single Test match delivery has been purveyed, it is because we have seen this script all too often before. If England require an incentive to get their act together, they need only look at the itinerary and try to imagine how much fun the match against Combined Universities at Pietermaritzburg is going to be if they have made a bash of the first three Tests.

Meantime, talking of fun, England are billeted in several square miles of armed fortress known as Sandton City. Complete with 24-hour armed security patrols, closed circuit TV, searchlights, microwaves, and everything bar meat and portulacas, it is a bit like something out of Mad Max.

This place has sprung up because there is nothing more mad than venturing into Johannesburg itself, especially after dark, and entire business complexes are being moved out to Sandton. There, inside one of the hotels, you only have to make a cup of tea in your room to remind yourself why this country is in such a state. Thoughtfully provided, possibly as a hangover from the old days to make the drink more socially acceptable, are sachets of something called "beverage whiteners."

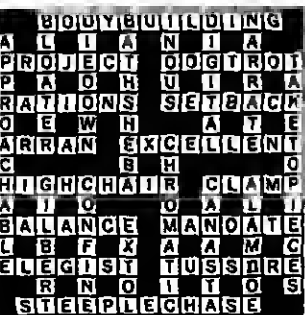
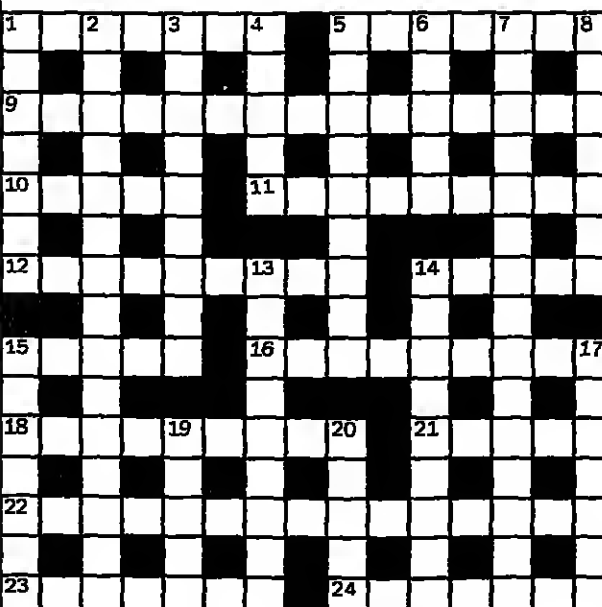
More cricket, page 27

THE INDEPENDENT CROSSWORD

No. 2331, Tuesday 14 November

By Aetred

Monday's Solution



- ACROSS**
- Bible to supply as a small curio (7)
 - Unmoving statue i.e. having nasty spasm within (7)
 - Keeping hands off thrice in true story? (3-12)
 - Cat in leap lapping power (5)
 - You could barely call this a place of entertainment (5-4)
 - Equips vessel to spell on Yorkshire river (9)
 - Not right to guarantee result (5)
 - Show anger about unknown character being a bit drunk (5)
 - Actors one has to punish and rebuke severely (9)
 - Measure support given to poor user of hole in parapet (9)
 - Throwing in towel one shows a bit of wisdom? (5)

- DOWN**
- Where one sleeps badly having to play truant (4-3)
 - Countries with great potential for embarrassing slips? (6-9)
 - Working with gravity in lightheartedness to achieve long life (9)
 - Difficult time when a number will be in North of England river (5)
 - One's attached to Cape Town (9)

- MONDAY'S SOLUTION**
- BOULEVARD
 - PROTECTOR
 - PARADISE
 - PAID
 - PARADISE
 - PARADISE
 - PARADISE
 - PARADISE
 - PARADISE
 - PARADISE
 - PARADISE
 - PARADISE
 - PARADISE
 - PARADISE
 - PARADISE

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